Seventeenth Annual Report

to March 31, 1990

Alberta

FEDERAL AND
INTERGOVERNMENTAL AFFAIRS

Alberta

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To the Honourable Dr. David Carter
Speaker of the Legislative Assembly
of the Province of Alberta

Sir:

I have the honour herewith, for the information of the Legislature of Alberta, to present the seventeenth Annual Report of the Department of Federal and Intergovernmental Affairs, covering the period from April 1, 1989 to March 31, 1990.

I have the honour to be, Sir,

Your Obedient Servant,

James D. Horsman, Q.C.
Minister of Federal and
Intergovernmental Affairs

Edmonton

Alberta

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The Honourable James D. Horsman, Q.C.
Minister of the Department of Federal
and Intergovernmental Affairs

Sir:

I have the honour to submit herewith the seventeenth Annual Report of the Department of Federal and Intergovernmental Affairs covering the period from April 1, 1989 to March 31, 1990.

I have the honour to be, Sir,

Yours sincerely,

Oryssia J. Lennie

Oryssia J. Lennie
Deputy Minister of
Federal and
Intergovernmental Affairs

Edmonton
March 1992

92-04469/

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The Department of Federal and Intergovernmental Affairs

The basic objectives of the department of Federal and Intergovernmental Affairs are to represent Alberta's interests as an equal partner in Confederation and to ensure that all activities of the Government of Alberta in relation to the Government of Canada, governments of other provinces and territories, and the governments of foreign countries or states are conducted in a coordinated and consistent manner. The **Department of Federal and Intergovernmental Affairs Act, 1972**, established the terms of reference for the Minister and the department. The responsibilities outlined in the Act may be summarized as follows:

- coordinating the Alberta government's activities in the intergovernmental sphere to ensure that they are consistent with the overall objectives of the Alberta government;
- conducting an ongoing review of the policies, programs and activities of other governments which may affect Alberta; and
- signing all intergovernmental agreements.

While the administration of programs and, in most cases, the articulation of specific policy positions remains within other departments of the Alberta government, it is the responsibility of Federal and Intergovernmental Affairs to ensure coordination, consistency and continuity in government policies when other governments are involved.

Operation and Organization

The operation of the department remained under the direction of Mr. A.G. McDonald, Deputy Minister, during the reporting period. As of April 2, 1990, Mr. McDonald became Deputy Minister of Economic Development and Trade. Mrs. Oryssia J. Lennie, formerly Assistant Deputy Minister, Social and Constitutional Division, was appointed Deputy Minister of the Department.

The functional divisions of the department were Economics and Resources, Social and Constitutional, and International, with Administration and Communications continuing to provide essential departmental services.

The structure of the department provides for contact with all provincial departments. Officials are assigned responsibility for specific areas and monitor, on a continuous basis, current developments that may affect Alberta's intergovernmental relations.

Economics and Resources

The Economics and Resources Division is responsible for the coordination of the government's intergovernmental activities as they relate to economic and natural resource issues. In carrying out this responsibility, the division reviews policies, programs and legislation; participates in the negotiation of agreements; and provides advice and takes action in support of Alberta's goals and objectives in energy, agriculture, economic development, protection of the environment, technology, tourism, transportation, utilities, consumer protection, corporate affairs, public safety services, forestry, lands and wildlife.

The division is responsible for the administration of the Canada-Alberta Economic and Regional Development Agreement, a ten-year umbrella agreement to facilitate joint planning and joint action in pursuit of Alberta's economic and regional development objectives.

The division is also directly responsible for the coordination and presentation of the Alberta government's position regarding National Defence operations within Alberta, National Parks policy and operations as they affect Alberta, and for coordinating the government's policy interests with the federal Department of Western Economic Diversification. The division also maintains close links with the Governments of Yukon and Northwest Territories.

Constitutional and Social Affairs

The Constitutional and Social Affairs Division develops policy recommendations for the Alberta government in the following areas:

- constitutional reform, including Senate reform;
- aboriginal constitutional matters;
- institutions of federalism;
- intergovernmental consultative mechanisms;
- fiscal federalism;
- general federal-provincial and interprovincial relations; and
- special projects relating to the operation of the federal system.

The division also coordinates, investigates and makes recommendations on the intergovernmental implications of the issues and policy initiatives that arise in the fields of education, training, immigration, health care, social and family services, justice, culture, labour, human rights, native issues, the status of women, housing, municipal affairs, recreation, and the Banff-Jasper townsite issue.

In addition, the division coordinates the briefing for all First Ministers' meetings, the Annual Premiers' Conference, and the Western Premiers' Conference.

Ongoing communications-related activities of the division include the preparation of a weekly report summarizing Alberta government and legislature activities for distribution to Alberta Members of Parliament, and the preparation of a monthly list of anticipated intergovernmental conferences and meetings.

International

The International Division is responsible for monitoring and coordinating Alberta's international initiatives and for reviewing and making recommendations on provincial policies, programs and activities that relate to Canada's foreign and trade policies. The division monitors developments and policies in other countries which may affect the province.

It also coordinates Alberta's special relationships with foreign states or provinces, and assists with international visits to the province by foreign governments. The division works closely with Alberta's seven international offices located in London, Tokyo, Hong Kong, New York, Los Angeles, Houston and Seoul. The Houston office closed in June 1989, as a depressed U.S. oil and gas industry limited opportunities for Alberta companies.

Ottawa Office

The Ottawa office monitors federal government and parliamentary activities in order to provide up-to-date information to the Alberta government on current issues and developing trends impacting on the province. Close contacts are maintained with federal Cabinet Ministers, Alberta Members of Parliament, Senators and federal government officials to advise them of Alberta's policies and concerns.

To facilitate communication between the two orders of government, the Ottawa office reports daily on relevant statements from the House of Commons Question Period, prepares a weekly report summarizing current federal developments for distribution to Alberta Cabinet Ministers and government departments, and provides news clippings from major eastern papers.

The office assists in the administrative arrangements for Alberta's participation in intergovernmental meetings. The office provides working facilities and secretarial and communications services for Alberta government officials while in Ottawa. Assistance is also given to visiting Alberta businessmen and organizations. Information on Alberta government programs and policies, the provincial economy, tourism and a wide

variety of other subjects is provided to federal government officials, members of the diplomatic corps, academics, businesses and the general public.

Communications

Communications provides public relations counsel and information services for the department and Alberta's out-of-province and foreign offices.

Asia-Alberta Exchange, a quarterly publication describing Alberta's activities with Asian countries, including the province's special relationships, is coordinated and produced by the division. The tabloid is distributed widely in Alberta and overseas.

Communications also produces *Alberta Focus*, a publication which is distributed ten times a year by Alberta's foreign offices. The publication contains information regarding economic, cultural, technological, and overall policy trends in Alberta, as well as information on the activities of Alberta's foreign offices.

Administration

The Administration division is responsible for general administrative and financial support services to the departments, including human resources, finance, systems, library and records management. This includes the coordination and control of the administrative and financial aspects of the Alberta offices in Ottawa, New York, Los Angeles, London, Hong Kong, Tokyo, and Seoul.

The departmental budget for the 1989/90 fiscal year totalled $9,308,000. The department had an authorized manpower complement of 78 permanent positions and 115.3 full time equivalents. Fifty per cent of the total 1989/90 budget related to the support of the Alberta out-of-province offices.

During the fiscal year, implementation of a three-year automation plan was initiated.

Translation Bureau

The Translation Bureau provides translation and interpretation services to all provincial departments, boards and agencies. The bureau translates correspondence, papers and other documents to and from most languages. It also arranges for simultaneous, consecutive and escort interpretation.

The bureau is comprised of in-house translation staff who provide translation services from English to French and French to English. Translations to and from other languages are arranged on a fee-for-service basis with outside contracted professionals.

Conference Activity

Intergovernmental conferences are an important and recognized mechanism for making adjustments within the federal system. The number of federal-provincial and interprovincial meetings indicate the vast and complex network of intergovernmental activity and reflect how much the activities of one government affect the activities of another and the consequent need for intergovernmental consultation and coordination.

Many of the federal-provincial and interprovincial conferences are served by the Canadian Intergovernmental Conference Secretariat (CICS), a permanent body jointly funded by federal and provincial governments. Services provided by CICS include correspondence with delegates concerning conference arrangements and agenda, preparation of conference transcripts and summary statements, distribution of documents and the maintenance of records. CICS provides these services for all First Ministers' meetings and can provide similar services and facilities for meetings of ministers and deputy ministers.

Federal-Provincial Activity

The following tables on federal-provincial meetings and conferences take into account all meetings at the first ministerial and ministerial level in which Alberta was a participant. (There are also numerous federal-provincial meetings at the officials' level which have not been included in these statistics.)

Tables 1 and 2 present the total number of federal-provincial conferences held during the 1989 calendar year. The figures represent meetings which were convened in response to a particular concern or situation, as well as committee meetings held on a continuing basis which have become more permanent intergovernmental mechanisms.

Table 1

Frequency of Federal-Provincial Meetings and Conferences According to Category and Area of Government Activity – Alberta Participation, 1989

	Bilateral	Regional	Multilateral	Total
Constitution	1	0	0	1
General Government	5	0	2	7
Finance	0	0	4	4
Agriculture	3	0	2	5
Transportation	0	0	0	0
Education	1	0	1	2
Energy and Resources	0	1	1	2
Environment	2	0	7	9
Manpower-Labour	1	0	1	2
Statistics	0	0	0	0
Welfare	0	0	1	1
Health	0	0	2	2
Industry	1	1	2	4
Trade	0	0	3	3
Urban Affairs	1	0	1	2
Justice and Laws	0	0	1	1
Consumer Affairs	0	0	2	2
Communications	1	0	0	1
Aboriginal Constitutional Matters and Native Affairs	0	0	0	0
Status of Women	0	0	1	1
Miscellaneous	0	0	4	4
Total	16	2	35	53

Table 2

Frequency of Federal-Provincial Meetings and Conferences According to Level of Representation and Area of Government Activity – Alberta Participation, 1989

	First Ministerial	Ministerial	Total
Constitution	0	1	1
General Government	2	5	7
Finance	0	4	4
Agriculture	0	5	5
Transportation	0	0	0
Education	0	2	2
Energy and Resources	0	2	2
Environment	0	9	9
Manpower-Labour	0	2	2
Statistics	0	0	0
Welfare	0	1	1
Health	0	2	2
Industry	0	4	4
Trade	0	3	3
Urban Affairs	0	2	2
Justice and Laws	0	1	1
Consumer Affairs	0	2	2
Communications	0	1	1
Aboriginal Constitutional Matters and Native Affairs	0	0	0
Status of Women	0	1	1
Miscellaneous	0	4	4
Total	2	51	53

Interprovincial Activity

Considerable intergovernmental activity takes place among the provinces. Provinces meet to compare policy positions, and to discuss matters of mutual concern and interest. Interprovincial conferences are sometimes held prior to federal-provincial conferences in an attempt for participants to reach a unified provincial position. Permanent mechanisms for interprovincial cooperation have been established in some instances, the pinnacle of which is the Annual Premiers' Conference. On a regional basis, Alberta participates with Manitoba, Saskatchewan, and British Columbia in the Western Premiers' Conference, usually held annually.

The following tables break down the various interprovincial meetings and conferences during the 1989 calendar year into categories similar to those used for federal-provincial meetings.

Table 3

Frequency of Interprovincial Meetings and Conferences According to Category and Area of Government Activity – Alberta Participation, 1989

	Bilateral	Regional	Multilateral	Total
Constitution	5	0	0	5
General Government	0	1	1	2
Finance	0	0	4	4
Agriculture	0	0	1	1
Transportation	0	0	0	0
Education	0	0	3	3
Energy and Resources	2	0	1	3
Environment	1	1	1	3
Manpower-Labour	0	0	2	2
Statistics	0	0	0	0
Welfare	1	1	1	3
Health	0	0	3	3
Industry	0	4	1	5
Trade	0	2	0	2
Urban Affairs	0	1	1	2
Justice and Laws	0	0	1	1
Consumer Affairs	0	0	0	0
Communications	0	2	0	2
Aboriginal Constitutional Matters and Native Affairs	0	0	0	0
Status of Women	0	0	0	0
Miscellaneous	1	1	2	4
Total	10	13	22	45

Table 4

Frequency of Interprovincial Meetings and Conferences According to Level of Representation and Area of Government Activity – Alberta Participation, 1989

	First Ministerial	Ministerial	Total
Constitution	1	4	5
General Government	2	0	2
Finance	0	4	4
Agriculture	0	1	1
Transportation	0	0	0
Education	0	3	3
Energy and Resources	0	3	3
Environment	0	3	3
Manpower-Labour	0	2	2
Statistics	0	0	0
Welfare	0	3	3
Health	0	3	3
Industry	0	5	5
Trade	0	2	2
Urban Affairs	0	2	2
Justice and Laws	0	1	1
Consumer Affairs	0	0	0
Communications	0	2	2
Aboriginal Constitutional Matters and Native Affairs	0	0	0
Status of Women	0	0	0
Miscellaneous	0	4	4
Total	3	42	45

Western Premiers' Conference

The 1989 Western Premiers' Conference was held in Camrose, Alberta, on June 26-28, chaired by Premier Getty. The agenda for the 1989 Conference was:

- Economic Development and Western Diversification;
- Agriculture and Trade;
- Enhancing the Family; and
- Federal and Provincial Relations.

Communiques from this Conference are included in Appendix II. Following is a summary of Conference highlights.

Cooperative Strategy for Sustainable Economic and Social Development in Western Canada

Western Premiers committed to developing a cooperative strategy for sustainable economic and social development in the West. The main areas encompassed by the strategy are:

- diversification, trade, and regional economic development;
- the environment;
- agriculture and food;
- interest and exchange rates;
- enhancing the quality of rural life;
- strengthening the family;
- education and training;
- health;
- energy; and
- federal-provincial relations.

Economic Development and Western Diversification

Western Diversification

Premiers received a report from the Western Ministerial Working Group on Diversification and mandated the Ministers to continue developing further opportunities for Western cooperation. As well, Premiers requested further work respecting the development of knowledge-intensive industries in the West, cooperative approaches to education and training, and the identification of sustainable development needs and opportunities.

Regional Economic Development

Premiers urged the federal government to streamline the Western Diversification Initiative, and to negotitiate and commit to cost-shared long-term regional economic development agreements.

Environment

In strong support of the report of the National Task Force on Environment and Economy, Western Premiers recommended the National Round Table on the Environment and the Economy convene a joint meeting with all provincial Round Tables to exchange information and ideas on a sustainable development strategy to meet the needs of all Canadian regions. Premiers called on the federal government to respect provincial jurisdiction over the environment and work cooperatively with the provinces, especially in the application of environmental assessment procedures, in order to reduce duplication, confusion, and unnecessary regulation.

Interest and Exchange Rates

Premiers called on the Bank of Canada to lower interest rates immediately.

Education and Training

Western provinces will pursue a cooperative educational and training approach. As well, Premiers urged their Ministers responsible for Employment and Training to pursue a cooperative federal-provincial approach to meeting labour market skills and adjustment needs.

Energy

Western Premiers acknowledged the importance of continued energy developments

in their provinces, especially regarding natural gas and hydroelectricity. A task force composed of representatives of the electric utilities and the four Western governments were asked to undertake a joint study of cooperation among the respective electrical systems, and report to the Premiers on progress.

Agriculture and Trade

Agriculture

Premiers acknowledged there are a number of supply management imperfections both domestically and internationally. Domestic policies must result in a more diversified, market sensitive agricultural sector. Internationally, Premiers reaffirmed their support for the Multilateral Trade Negotiations (MTN) to achieve a significant reduction in market access barriers facing western agricultural products.

Premiers also stressed the need for stable, long-term income programs for agricultural producers and called on the federal government to work with the provinces in the provision of transportation infrastructure and on freight rates, especially allowing provinces to be able to determine the method of payment within the province of the "Crow benefit".

Trade

Premiers endorsed the report of the Western Provinces' Ministerial Working Group and stressed the need for full provincial participation in the MTN and in dispute settlements arising under the Canada-U.S. Free Trade Agreement.

Premiers directed their Ministers Responsible for Western Diversification to continue meeting to review and discuss coordination of provincial trade and investment practices. In reaffirming their support for the removal of interprovincial trade barriers, Premiers noted the landmark Memorandum of Agreement on the Reduction of Interprovincial Trade Barriers in Western Canada, signed in March 1989.

Enhancing the Quality of Rural Life

Premiers agreed to a strategy to strengthen the viability and enhance the quality of life in rural Western Canada.

Enhancing the Family

Western Premiers agreed on the importance of enhancing and supporting the family unit, and encouraged participation at the National Symposium on the Family in Regina in July 1989. Premiers recognized that flexible day-care options were necessary to accommodate the changing family structure. Premiers also endorsed Alberta's initiatives to designate an annual Family Day and endow the Alberta Family Life and Drug Abuse Foundation.

Health Care

Western Premiers expressed strong support for cooperative efforts by governments to provide more cost-effective health care services in Canada.

Federal and Provincial Relations

Senate Reform

Premiers reaffirmed their support for the principles embodied in the Triple E Senate reform model, and acknowledged the work of the Alberta Task Force on Senate Reform in discussing and promoting a Triple E Senate with the federal government and every provincial government. Premiers were also briefed on Alberta's Bill 11, the **Senatorial Selection Act**.

Meech Lake Accord

Premiers were briefed on the Manitoba Meech Lake Task Force hearings and agreed that further constitutional reform discussions would take place at the First Ministers' level.

Telecommunications

Western Premiers voiced concern over stalled negotiations on a National Telecommunications Agreement, and requested that British Columbia take the lead in communicating with the Prime Minister to help resolve the dispute over telecommunications and broadcasting roles, responsibilities, and jurisdiction in Canada.

Annual Premiers' Conference

Provincial Premiers have been meeting annually since 1960. These interprovincial meetings are important features of the Canadian intergovernmental process since they provide Premiers with the opportunity to study and discuss issues of mutual concern and interest. The timing of the Annual Premiers' Conference in mid-August presents a valuable opportunity for provinces to consider possible agenda items for the Annual First Ministers' Conference, usually held in November.

Chaired by Premier Bourassa, the 30th Annual Premiers' Conference was held in Quebec City on August 21-22, 1989. Continuing a practice which began in 1982, the leaders of the Northwest Territories and Yukon governments attended the Conference as observers. Agenda items for the Conference included:

- the economy and trade;
- social issues;
- the environment;
- interprovincial and federal-provincial cooperation; and
- tabling of reports pursuant to the 1988 conference.

Communiques from this conference are included in Appendix III. Following is a summary of the meeting highlights.

Economy and Trade

Interest Rates

Premiers stated the Bank of Canada's high interest rate policy was inappropriate for the current Canadian economic situation.

Interprovincial Trade Barriers

Premiers reaffirmed the mandate given to the Committee of Ministers of Internal Trade at

the 1987 First Ministers' Conference. Premiers also agreed to take measures to further promote interprovincial trade, recognizing the Western Provinces' Trade Barrier Reduction Agreement as a model for future action by all provinces.

Fisheries

The emerging crisis in Canada's fishing industry, especially as it affects the Atlantic Provinces and British Columbia, was discussed by Premiers. Premiers called upon the federal government to address resource management deficiences, deal effectively with foreign overfishing, and mount a program to deal with dislocations as the industry rationalizes.

Transportation

Premiers agreed on the need for a new national highway system, noting that extra traffic associated with economic growth and cutbacks in rail service were increasingly burdening the highway system. Since two major phases of the National Highway Policy Study were virtually complete, Premiers urged the federal government, in consultation with the provinces, to enter into a firm commitment on a funding mechanism for the timely upgrading of the national highway system. Premiers also asked the federal government to adopt a moratorium on decisions affecting the future of rail passenger service in Canada.

Agriculture

A strong commitment for closer cooperation in preparing the agriculture industry for the future was made by Premiers. As well, Saskatchewan announced that they would hold a national conference on the future of agriculture in early 1990.

Environment

Premiers decided on actions to increase cooperation among their governments in the following areas:

- Premiers asked the federal government to move toward and maintain parity with California vehicle emission standards;
- In cases where environmental issues involve shared federal-provincial responsibility, and interprovincial and international implications, Premiers called for cooperative approaches in developing regulations and review procedures. Premiers also called on the federal government to respect provincial jurisdiction in environmental areas where the provinces have primary constitutional responsibility. Noting the progress made by the Canadian Council of Environment Ministers in the joint development of national standards and policies, Premiers requested their Environment Ministers to prepare a progress report for the November 1989 First Ministers' Conference;
- Environment Ministers were instructed to develop an agreement to deal more effectively with future environmental emergencies;
- Premiers reaffirmed their commitment to sustainable development, making the issue an ongoing priority for future Annual Premiers' Conferences and First Ministers' Conferences. Premiers accepted Manitoba Premier Filmon's invitation to convene a meeting of the Round Tables on Environment and the Economy in Manitoba in 1990, prior to the National Conference on Sustainable Development in Quebec in 1991; and
- Premiers recognized that since many provinces had established environmentally-oriented youth employment programs, these programs provided opportunities for interprovincial youth exchanges.

Interprovincial and Federal-Provincial Cooperation

Goods and Services Tax

Premiers agreed that the federal Goods and Services Tax (GST) was unacceptable, stressing the need for intergovernmental cooperation to address the issue. Finance

Ministers were instructed to investigate the impact of the GST on provincial economies and report to Premiers prior to the November 1989 First Ministers' Conference.

Telecommunications

Premiers called on the federal government to consult immediately with the provinces on telecommunications issues arising out of the recent Supreme Court decision on jurisdiction over telephone and related services.

Regional Development

Premiers agreed that regional development resources and efforts should be directed at improving employment and income through sustainable economic activity based on realistic opportunities, and concentrated in areas where they are needed most, based upon relevant measures of disparity. Premiers called upon the federal government to review its regional development programs in light of these criteria and emphasized that both orders of government need to encourage local investment.

Tabling of Reports Pursuant to the 1988 Conference

Report of the Alberta Senate Reform Task Force

At the 1988 Annual Premiers' Conference in Saskatoon, all Premiers had agreed that an Alberta Task Force on Senate Reform would be established and that it would hold bilateral consultations with other governments to explain and discuss the Triple E Senate. In reporting back to the Premiers in 1989, Premier Getty noted that all governments recognized the need for meaningful Senate reform as a way to achieve greater balance in Canada's national decision-making process. Premiers agreed that the report provided a useful starting point toward achieving Senate reform and that the Task Force should continue its activities.

Health

Premiers noted the report submitted by Premier Bourassa of Quebec on behalf of the provincial Ministers of Health, and agreed the growth of health care costs needs to be reduced and federal transfer payment cuts in health need to be curtailed. Premiers asked that Health Ministers continue their discussions on these issues.

Families

Premiers reviewed a report tabled by Premier Devine of Saskatchewan on the Symposium about Families held in Saskatchewan in July 1989. They emphasized the need to address the issues of illiteracy, education, job training, preventative health care, technological awareness, substance abuse and children's welfare. Premiers directed their officials to continue discussions and report to the 1990 Annual Premiers' Conference.

Science and Technology

Premier Buchanan of Nova Scotia presented the report of the National Conference on Science and Technology, held in Halifax in June 1989. Premiers endorsed the five core recommendations of the Conference, known as the "Halifax Declaration".

Premiers unanimously agreed that a second national science and technology conference would be convened in Edmonton in 1990 by Premier Getty.

First Ministers' Conference

The Annual First Ministers' Conference on the Economy was held in Ottawa on November 9-10, 1989. The agenda was as follows:

- opening statements;
- ministerial reports;
- the environment and sustainable development; and
- the Meech Lake Accord.

Communiques from this conference are included in Appendix IV.

Opening Statements

In his opening remarks, Premier Getty touched upon a number of economic issues. He expressed Alberta's continued support for the Free Trade Agreement with the United States and recommended that the practice of full provincial participation in trade negotiations be continued in the Multilateral Trade Negotiations (MTN). Premier Getty noted that Alberta's economy was experiencing strong growth as a result of greater investment in the province, increasing exports (particularly natural gas), and economic diversification initiatives. The Premier cautioned Alberta's economic progress could be harmed by the continuance of the Bank of Canada's high interest rate policy, the imposition on Alberta of the federal Goods and Services Tax, the failure of the MTN on agriculture, and a failure for governments to coordinate their environmental initiatives.

Regarding the Constitution, Premier Getty expressed Alberta's strong support for the Meech Lake Accord. He also urged the other First Ministers to commit themselves to Senate reform and especially the Triple E model, noting that Alberta's historic Senatorial election had just taken place on October 16, 1989. Premier Getty called on Prime Minister Mulroney to appoint the winner of the election, Stanley Waters, to the Senate.

On other subjects, the Premier indicated Alberta's success in concluding native and Metis land settlements and Alberta's continued commitment to the preservation of family life.

Ministerial Reports

Reports on Issues Affecting Women and Families

First Ministers released two reports received from the federal, provincial, and territorial Ministers Responsible for the Status of Women:

- Towards a Labour Force Strategy: A Framework for Training for Women – Progress Report – This report outlined and assessed progress that had been made by all governments through 1988 to improve educational and training opportunities for women.
- Integration of Work and Family Responsibilities – This report addressed the changing relationship between work and family life by outlining the strategies of all governments with summaries of family-support benefits, practices, and policies in each jurisdiction.

Human Resource Development

First Ministers discussed the Prime Minister's proposal on assessing Canada's future human resource development needs. They asked the Council of Ministers of Education and a representative of the Prime Minister to develop terms of reference and an implementation plan. Results were to be reported to First Ministers as soon as possible.

Research and Development

First Ministers discussed the need for increasing research and development activity across the country. First Ministers noted the establishment by federal and provincial Science and Technology Ministers of a task force to examine issues raised by the Halifax Declaration, which was made at the June 1989 National Forum on Science and Technology. They asked the task force to study a range of output-oriented indicators related to national research and development performance.

Environment and Sustainable Development

First Ministers discussed several environmental and sustainable development matters:

- First Ministers endorsed the "spirit and direction" of the Statement of Principles on Interjurisdictional Cooperation to Protect the Environment which had been prepared by the Canadian Council of Ministers of Environment and agreed that work on a modified and extended version should proceed. The Statement includes a plan of action for Environment Ministers, with work to be completed by spring 1990;
- Regarding vehicle emissions, First Ministers endorsed an Environment Ministers' decision that the federal government require new California emissions standards to apply to vehicles in the 1994 model year;
- Solid waste management initiatives, especially regarding recyclable packaging, were endorsed; and
- They agreed that the principles of sustainable development need to be applied in the resolution of foreign overfishing practices. First Ministers strongly supported Canadian efforts to convince foreign governments of the serious environmental consequences of continuing practices such as driftnet fishing.

Meech Lake Accord

First Ministers discussed the concerns of Premier Wells of Newfoundland, Premier Filmon of Manitoba, and Premier McKenna of New Brunswick over certain aspects of the Meech Lake Accord. First Ministers also discussed the reports of the New Brunswick Select Legislative Committee on the Meech Lake Accord and the Manitoba Task Force on the Accord, as well as a Newfoundland proposal. No consensus emerged from the discussions.

The Constitution

The Meech Lake Accord and Senate reform were once again at the forefront of the constitutional debate in Canada during the reporting period.

Meech Lake Accord

Resolutions supporting the Meech Lake Accord had been passed in eight provincial legislatures and the federal Parliament, with no further provincial resolutions passed as of the end of the reporting period. The Alberta Legislature had unanimously passed a resolution supporting the Accord on December 7, 1987.

A number of initiatives concerning the Accord occurred during the reporting period:

- The Accord was a major discussion topic at the Western Premiers' Conference in Camrose in June, the Annual Premiers' Conference in Quebec City in August, and the First Ministers' Conference in November 1989.
- The Manitoba Task Force on Meech Lake released its report on October 23, 1989.
- The New Brunswick Legislative Committee Report on the Accord was released on October 24, 1989.
  On March 21, 1990, Premier McKenna introduced a companion resolution to the Meech Lake Accord in the New Brunswick Legislature. On March 27, 1990, the federal government tabled a motion to create a House of Commons Special Committee to study and report back on the New Brunswick companion resolution proposal by May 1990.
- An alternative constitutional proposal to the Meech Lake Accord was tabled in the Newfoundland Legislature on November 8, 1989. The proposal was approved by the Newfoundland Assembly on November 22, 1989. On March 22, 1990, the Government of Newfoundland introduced a motion to rescind the House of Assembly's prior approval of the Accord.
- Senator Lowell Murray, Federal-Provincial Relations Minister, held a number of bilateral meetings with provincial representatives between December 1989 and February 1990. Premier Getty and the Honourable James D. Horsman, Deputy Premier and Minister of Federal and Intergovernmental Affairs, met with Senator Murray on December 18, 1989. Mr. Horsman and Senator Murray met again on January 29, 1990.
- On March 21, 1990, Western Premiers met in Vancouver to seek a solution to the Meech Lake impasse. They established the Western Premiers' Officials' Task Force on the Meech Lake Accord, which held its first meetings in Edmonton on March 29-30, 1990.

Senate Reform

Senate reform remained a major priority for the Government of Alberta. Both Premier Getty and the Honourable James Horsman actively promoted the Triple E Senate reform model. Also, Western Premiers, meeting at the 1989 Western Premiers' Conference at Camrose, reaffirmed their support for the 1988 Parksville Accord, in which they unanimously endorsed the principles embodied in the Triple E Senate reform model.

Alberta Senate Reform Task Force

The Alberta Senate Reform Task Force, established as a result of an agreement at the 1988 Annual Premiers' Conference in Saskatoon, continued to play a major role in promoting Senate reform and the Triple E model. After having already met with the federal government and all of the provincial governments in 1988, the Task Force met with representatives of the Yukon government, the Northwest Territories government, and the newly-elected Government of Newfoundland during July

and August 1989. The Task Force was chaired by the Hon. James Horsman; the other members were Stan Schumacher, M.L.A. (Drumheller), J. Peter Meekison, Bert Brown, and a Member of the Alberta Legislature chosen on an alternating basis.

At the 1989 Annual Premiers' Conference in Quebec City, Premier Getty reported on the Task Force's success in building a national consensus on the necessity for Senate reform. Premiers agreed that the report provided a useful starting point toward achieving Senate reform and that the Task Force should continue its activities.

Senatorial Selection Act

On June 26, 1989, Bill 11, the **Senatorial Selection Act**, was introduced in the Alberta Legislative Assembly. Bill 11 was essentially the same as Bill 1, which was introduced in the Legislature on February 17, 1989, but did not receive approval due to the provincial election held on March 20, 1989. Minor amendments were made to the Bill in the interim, primarily to make the Bill more compatible with the option of providing an election process in conjunction with municipal election procedures.

The Meech Lake Accord, which all governments had signed in 1987, provided that provinces would nominate individuals for appointment to the Senate. The Accord read that Senators "shall be chosen from among persons whose names have been submitted by the government of the province to which the vacancy relates." The **Senatorial Selection Act** provided for a province-wide election to select Alberta's nominee to fill an Alberta vacancy in the Senate. The Act states that "persons declared elected under this Act shall have their names submitted by the Government of Alberta to the Queen's Privy Council for Canada as persons who may be summoned to the Senate of Canada for the purpose of filling vacancies related to Alberta."

After considerable debate resulting in minor amendments to Bill 11, the **Senatorial Selection Act** received Royal Assent on August 18, 1989.

Senatorial Election, October 16, 1989

In conjunction with local and municipal elections held throughout the province, Canada's first Senatorial election took place in Alberta on Monday, October 16, 1989. Over 600,000 Albertans voted in this historic election, with Reform Party candidate Stan Waters chosen as the province's Senatorial nominee from amongst six candidates. Mr. Waters had not been appointed to the Senate by the Prime Minister as of the end of the reporting period.

The results of the Senatorial election were as follows:

Candidate	Party	Total Votes
Stan Waters	Reform Party	259,292
Bill Code	Liberal Party	139,809
Bert Brown	Progessive Conservative	127,638
Gladys Taylor	Independent	38,534
Ken Paproski	Independent	30,849
Tom Sindlinger	Independent	25,491
Total Valid Ballots		621,613
Rejected Ballots		19,906
Total Votes Polled		641,519

Federal-Provincial and Interprovincial Matters

Aboriginal Matters

In follow-up to the Alberta government's 1987 commitment to address Aboriginal self-government aspirations through practical means, including legislation, programs and policies, a number of major initiatives were taken during 1989-1990. Federal and Intergovernmental Affairs worked with other provincial departments on the following:

- Discussions and negotiations continued between the Alberta Federation of Metis Settlement Associations and the Alberta government to develop provincial legislation regarding the transfer of 1,280,000 acres of land from the Alberta government to the Metis Settlements General Council and the establishment of local government on the eight Metis Settlements. A Metis Settlements/Alberta Government Accord was signed in July 1989 which set the stage for development of provincial legislation.
- Progress continued on discussions between the Metis Association of Alberta and the Alberta government, under the Metis Framework Agreement first signed in 1987. The Agreement established a consultation and coordination mechanism in the key areas of education, social services, career development and employment, economic development, involvement in local government, and forestry, lands and wildlife.
- The Alberta government agreed in September 1989 to commence discussions with the Sawridge Band and the federal government, under the federal Indian Self-Government Community Negotiations process, on issues that fall under provincial jurisdiction.
- On January 11, 1990, final agreement was reached on the Whitefish Lake Band shortfall treaty land entitlement claim. Alberta agreed to transfer to Canada 5,830 acres of unoccupied provincial Crown land, including mines and minerals, to be set aside as Indian reserves for the band; and to contribute $10,833,000. Canada agreed to pay the band $8,333,000.
- Final agreement was reached January 11, 1990, on the Sturgeon Lake Band shortfall treaty land entitlement claim. Alberta agreed to transfer to Canada 16,207 acres of unoccupied provincial Crown land, including mines and minerals, to be set aside as Indian reserves for the band; and to contribute $1,425,000. Canada agreed to pay the band $4,150,000.
- On January 12, 1990, the Alberta and federal governments agreed to establish the Task Force on the Criminal Justice System and its impact on the Indian and Metis people of Alberta. The Task Force commenced a broad consultation process with the Aboriginal people of Alberta.

Environmental Issues

Responsibilities for the Environment

Environmental issues were prominent on the national agenda during 1989-90. Significant court decisions, coupled with positions taken by the federal government, created a high degree of uncertainty concerning jurisdiction over natural resources and the environment.

In April 1989, the Federal Court of Canada made a key ruling in the Rafferty/Alameda case. It said that the Federal Environmental Assessment Review Process (EARP) Guidelines Order, intended for use by federal government departments as a self-assessment process, had the force of law and applied to almost all projects of provincial governments or private industry which had an environmental effect on an area of federal responsibility.

This decision had a significant impact on a number of provincial natural resource development projects, including the Oldman River Dam, the Alberta Pacific pulp mill development and the Daishowa pulp mill.

In May 1989, the Honourable James Horsman met with the Honourable Don Mazankowski, Deputy Prime Minister, and the Honourable Lucien Bouchard, federal Environment

Minister, to discuss the broad implications of the Rafferty decision. At this meeting, Alberta urged the federal government to renew the Canada-Alberta Agreement on Environmental Assessments in order to avoid future confusion and uncertainty. The federal government, however, did not renew the agreement.

In order to address the growing uncertainty with respect to the environment, the Alberta government established the Task Force on Jurisdiction over the Environment in May 1989. The Task Force, chaired by Federal and Intergovernmental Affairs and consisting of officials from several Alberta departments, was created to bring forward options to ensure Alberta control of environmental management decision-making within the province.

The Task Force devoted much of its time to the Oldman River Dam project. After the Rafferty decision, several court actions were launched against the federal government with respect to the Oldman River Dam. Environmental groups argued that the federal government did not conduct an environmental assessment of the project as required by the EARP Guidelines. The federal and provincial governments argued that the Guidelines do not apply to provincial works and undertakings. On March 13, 1990, the Federal Court of Appeal quashed the approval obtained by Alberta under the **Navigable Waters Protection Act** and ordered the Federal Ministers to comply with the EARP Guidelines. Alberta continued its efforts to maintain provincial responsibility for the management and development of Alberta's natural resources.

In the spring of 1989, Alberta Pacific Forestry Industries Inc. announced it would construct a pulp mill in northern Alberta. In order to ensure the project did not have a net negative environmental impact on the region, the Alberta government entered into negotiations with the federal government to establish an environmental impact assessment process which would satisfy federal and provincial legislation. Throughout the spring and summer of 1989, Alberta Federal and Intergovernmental Affairs negotiated with the federal government on an acceptable federal/provincial process. On July 19, 1989, an agreement was reached for a cooperative public review of the project.

Despite this achievement, confusion over environmental assessments continues to exist. Consequently, in March 1990, the Canadian Council of Ministers of Environment (CCME) endorsed the Statement on Interjurisdictional Cooperation on Environmental Matters. It commits governments to cooperation and coordination in order to avoid duplication and overlap in environmental regulation and to respect jurisdictional responsibilities. The Statement specifies that governments agree to work together toward "the harmonization of environmental assessment and review procedures between and among jurisdictions". The issue of jurisdiction over the environment continues to be of major importance to Alberta.

Alberta/British Columbia Environmental Cooperation

In February 1990, departmental staff joined with the Alberta Department of Environment and the British Columbia Ministry of Environment in a strategy and planning session. The meeting was a significant first step between the two provinces in sharing broad information on intergovernmental regulatory issues and concerns regarding the environment, explaining respective operations and organizations, and fostering a better understanding that will lead to improved working relationships in the future.

Water Management – Mackenzie River Basin Committee

Departmental staff and Alberta Environment staff participated in deliberations with the Mackenzie River Basin Committee. The

committee's goal is to conclude general and master agreements for water use and sharing among all jurisdictions in the basin. Substantial progress was made in preparation of a draft general agreement that would formalize the committee and recognize the Yukon and Northwest Territories as full partners, even though the federal government retains jurisdictional control over water management in the north.

Negotiations also continued on a draft master agreement. This agreement would establish the principles for equitable water use and sharing in the basin, make possible bilateral agreements between neighboring jurisdictions and promote greater cooperation on water matters. Substantial progress was achieved toward resolving differences among the jurisdictions.

Water Management – B.C./Alberta Bilateral Negotiations

Under the framework of the Mackenzie River Basin Committee, Alberta and British Columbia continued with negotiations for a bilateral water management agreement on the Peace River. This agreement would establish parameters for water quality, water flow and apportionment on the river at the Alberta/ British Columbia border. Negotiators have been trying first to develop a study agreement to formalize technical studies that are under way. When completed in 1991, these studies will generate the information both provinces need to make major management decisions that would be required in a substantive agreement. The legal implications of water commitments were also being considered by both parties.

Fisheries Management – Provincial Responsibilities

Staff continued to work closely with Alberta Forestry, Lands and Wildlife to try to achieve formalized arrangements for provincial administrative responsibility of the pollution and habitat provisions of the federal **Fisheries Act**. While the federal government has jurisdiction over seacoast and inland fisheries, like the other prairie provinces, Alberta has been managing provincial fisheries for many years. This responsibility has been confirmed on several occasions by federal ministers, but has never been formalized through enactment of federal regulations.

Forestry

Forestry development remained a key element in Alberta's diversification strategy. During the year, the major emphasis was on the development and construction of forest resource projects worth an estimated $3.5 billion.

The new stand-alone federal Department of Forestry was formed with the proclamation of Bill C-29 in December 1989. A Parliamentary sub-committee was struck shortly after the **Forestry Act** was proclaimed, to make recommendations on the new department's role. Concerned about possible duplication and unnecessary additional industry costs as a result of the establishment of the new department, the Government of Alberta provided a written submission to the sub-committee. The paper provided background on the forest industry in Alberta, reviewed Alberta's leadership in forest management and integrated resource planning, and discussed the constitutional authority of the provinces over the forest resource. Alberta's paper concluded that the major federal role in forestry should be fostering cooperation.

The Canada-Alberta Subsidiary Agreement on Forest Resource Development, signed under the Canada-Alberta Economic and Regional Development Agreement, completed its five-year term on March 31, 1989. During the year, discussions were held on a successor agreement, but no funding commitments were made.

Department of National Defence

Early in 1990, discussions were held with senior personnel from CFB Cold Lake to address mutual concerns over access, resource development and the prospective development of Lakeland Provincial Park and Recreation Area.

Staff also participated with Alberta Environment in negotiations with Defence Research Establishment Suffield to ensure that Alberta's environmental and health requirements were met in a DND program to eliminate hazardous waste chemical agents and contaminated materials stored at CFB Suffield.

Trade Barriers

The department worked toward the signing in 1990 of the Western Procurement Initiative with Economic Development and Trade and Public Works, Supply and Services. This initiative will increase the amount of procurement from suppliers in the western provinces, fostering economic diversification. The agreement seeks to bring $600 million of additional procurement to the west over four years. The initiative will improve information on procurement opportunities, establish enhanced procurement procedures, and promote staff interchange among governments.

Further progress was also achieved in the negotiation of the Interprovincial Agreements on Beer Marketing and Government Procurement, which would reduce trade barriers nationwide. The department worked closely with the Committee of Ministers on Internal Trade on these agreements.

Western Economic Cooperation

The Western Ministerial Working Group on Diversification, formed as a result of the Western Premiers' Conference in 1987, continued to address issues of common concern related to economic development and diversification. The Department of Federal and Intergovernmental Affairs participated in the Secretariat to the Ministerial Working Group.

Over the last year, the Western Provinces worked together on a number of important issues: air bilateral negotiations; the environmental business sector; trade promotion; science and technology; and tourism.

The Memorandum of Agreement on the Reduction of Interprovincial Trade Barriers in Western Canada recorded its first full year of operation in 1989/90, with the consensus that it was successful.

During the year, the Canada/Western Provinces Memorandum of Understanding on the Implementation of the Western Procurement Initiative, was negotiated and finalized. The delivery of specific elements of the MOU was negotiated bilaterally between each western province and the federal government, and took the form of annual procurement action plans.

The governments of the four western provinces continued to refine the electronic Western Procurement Information Network (WPIN).

Tourism

During the year, tourism ministers of the four Western provinces signed two important memoranda of understanding (MOUs).

The MOU on Tourism Industry Standards and Certification was to identify and develop competency-based standards for tourism occupations. The MOU also provided for interprovincial validation, standards and certification. The agreement recognized the importance of the tourism industry to western provinces, and that the development of a skilled and motivated tourism labour force will bring continued success.

The MOU on Cooperative Tourism Marketing outlined a process to look at cooperative marketing ventures among the western

provinces. The agreement calls for sharing research, and identifying potential strategies for cooperation and actual joint marketing activities.

Financial Institutions, Transportation and Telecommunications

The importance of transportation, telecommunications and financial institutions to a large, industrially-advanced country are reflected in the number of intergovernmental issues in these areas.

Departmental initiatives and discussions during the year included:

- Initiating discussions with the federal government on telecommunications jurisdiction;
- Participating in the preparation of Alberta's submission to the Royal Commission on Passenger Transportation and the **Regional Airport Authorities Act**;
- Developing an intergovernmental telecommunications policy in response to the August 1989 Supreme Court of Canada decision on Alberta Government Telephones. The goal was to ensure that Alberta's interests were protected with respect to the transfer of jurisdiction over Alberta Government Telephones to the federal government;
- Following the outcome of the Supreme Court decision clarifying federal jurisdiction over Alberta Government Telephones, assisting Technology, Research and Telecommunications in negotiating new bilateral arrangements governing telecommunications. These arrangements, intended to be formalized at a later date, will encourage federal regulators to be responsive to the concerns of Albertans. Provisions were also included for a local office of the Canadian Radio and Telecommunications Commission;
- Assisting in the preparation of a submission to the First Ministers' Advisory Council on Technology and the National Action Plan;
- Assisting in communicating national technology priorities in response to the Halifax Declaration;
- Assisting in drafting the Western Memorandum of Understanding on the Earth Environment Space Initiative. The first stage was agreement on a proposed Western Canadian satellite; and
- Initiating reviews of transportation access and needs through the Port of Vancouver.

National Parks

Alberta's five national parks account for eight per cent of the province's land, more than in any other province. National parks fall under the jurisdiction of the Government of Canada but their administration is of vital importance to the people of Alberta and to the economy of the province. Alberta's highway and railway routes to Pacific Ocean ports pass through the national parks. The parks also are a centre of Alberta's tourism industry, providing world class recreational and tourism opportunities for Canadians and international visitors.

The Government of Alberta supports the preservation of national parks in the province, while recognizing that park-related decisions have a significant impact on Alberta's economy. During the year, Alberta encouraged the federal government to give fair consideration to environmentally sensitive development within the national parks.

On January 1, 1990, the Town of Banff was officially incorporated. This was the culmination of two years of effort on the part of Banff residents, and officials of the federal and Alberta governments. The Canada-Alberta Town of Banff Incorporation Agreement, signed by federal and provincial ministers in December 1989, provided the framework for establishing a local government body for the townsite of Banff and entrusting local government functions to the new town.

Energy

Much of the department's energy-related work revolved around the OSLO and Bi-Provincial Upgrader project.

With respect to the $4.1 billion OSLO oil sands project, the department coordinated the negotiation of the non-fiscal undertakings on environment, technology, employment and industrial benefits. Departmental officials represented Alberta on the Intergovernmental Coordinating Committee and oversaw the establishment of employment and industrial benefits committees. The department also negotiated a draft environmental assessment process for the project and participated in the OSLO Application and Review Team, chaired by the Energy Resources Conservation Board. This project is now on hold as a result of the federal government's withdrawal of its share of funding.

The department has played a similar role with respect to the $1.3 billion Bi-Provincial Upgrader being constructed near Lloydminster. The department represented Alberta as a member of the tripartite Intergovernmental Coordinating Committee and established intergovernmental working committees on industrial and employment benefits. Department officials also negotiated and concluded a reciprocal trucking agreement with Saskatchewan, ensuring ease of access to the project site for Alberta truckers.

The department has also worked closely with the Department of Energy on the issue of natural gas sales to California and has been involved in developing a consultative mechanism for the Clean Air Strategy for Alberta.

Agriculture

The agricultural policies of other provinces and the federal government continued to be a primary source of intergovernmental activity. The major federal-provincial activity was the national agricultural food policy review "Growing Together". Alberta provided input to several committees on a range of issues such as transportation, safety nets, finance, management, competitiveness and sustainable agriculture.

The department worked with Alberta Agriculture in pressing the federal government to reach agreements with the United States to harmonize Canada-United States meat inspection procedures and improve access to United States markets. This resulted in an agreement to remove all border inspections for meat on a one-year trial basis. Efforts to eliminate technical barriers facing Alberta's agricultural food exports to the United States were continued.

Alberta cooperated in efforts to remove interprovincial barriers to trade regarding provincially inspected meat, and an agreement was reached on the removal of barriers to interprovincial trade in honey.

The department worked with Alberta Agriculture in reviewing the implications of several federal policies and programs in the province. Those reviewed included the Crow method of payment, the national tripartite stabilization plans, and proposed reform to the national poultry supply management system.

In cooperation with the Government of British Columbia and the Alberta Wheat Pool, Alberta participated in a review of grain transportation issues. This led to an improved mutual understanding of ways to resolve grain transportation problems.

The three-year, $34.8 million Canada-Alberta Soil Conservation Initiative was signed. Sixty-five agricultural service boards and 24 other organizations received grants totalling $1.3 million to establish long-term, locally-based conservation plans. The program's purpose is to educate farmers and the public about soil and water conservation.

Federal-Provincial Fiscal Concerns

Canada Assistance Plan

The February 1990 federal budget announced that transfers under the Canada Assistance Plan (CAP) would be limited to five per cent a year for the next two years for fiscally strong provinces (Ontario, British Columbia and Alberta). Ontario, Alberta and Manitoba announced they would join British Columbia in a reference case to be heard in the British Columbia Court of Appeal. The case challenged the authority of the Government of Canada to unilaterally decide to limit transfers.

Stabilization Claim

Under the federal-provincial fiscal arrangements, a province suffering a year-over-year decline in revenues is entitled to comparable remuneration. However, according to federal legislation, only one-half of resource revenues are subject to stabilization. During the 1986-87 fiscal year, Alberta suffered a significant decline in revenue. On June 2, 1989, Alberta received a $75 million interim payment for its $549 million stabilization claim. A major outstanding issue was the treatment of Royalty Tax Credits.

Losses in Federal Transfers

The April 27, 1989 federal budget once again revised the Established Programs Financing formula governing transfers for health and post-secondary education. The original formula allowed for transfers to increase by nominal GNP. Cash payments to the provinces, beginning in the fiscal year 1990-91, will be limited to the growth in GNP minus three points of inflation. These cuts will cost the provinces about $2.8 billion over five years. The February 20, 1990 federal budget has frozen transfers for two years. This will result in further losses of $282 million to Alberta over the fiscal years 1991-92 and 1992-93.

Federal-Provincial and Interprovincial Agreements

A major function of the department is to review and approve all intergovernmental agreements to ensure that such agreements are consistent with all Government of Alberta policies. During 1989-90, some 18 agreements were signed by Alberta (See Appendix VIII). Some of the agreements are as outlined below:

Fiscal Arrangements

During the reporting period, two agreements were signed concerning the exchange of information pertaining to consumption taxes: the Alberta-Quebec Exchange of Information Agreement Relating to Fraud in the Field of Corporation Taxes; and the Alberta-Northwest Territories Agreement for the Exchange of Information Pertaining to Consumption Taxes.

Health

Several intergovernmental agreements were finalized concerning the reciprocal processing of medical claims by physicians. These agreements provide remuneration of services provided at host province rates.

A Tuberculosis Control Agreement with the federal government was also finalized. It provides federal funding when Alberta nurses and staff provide tuberculosis services to on-reserve Indians.

During the reporting period, Alberta signed an Alberta-Canada Alcohol and Drug Treatment and Rehabilitation Agreement. The agreement, which extends to March 31, 1990, highlights the need for effective services for youth. The Federal government will pay 50 per cent of eligible costs.

Town of Banff Incorporation

On December 12, 1989, a federal-provincial Agreement was signed to incorporate the Town of Banff on January 1, 1990. The finalization of the Agreement represented the first establishment of a municipal government within a national park.

Official Languages

The Canada-Alberta Official Languages in Education Agreement for 1988-89 through 1992-93 was signed in July 1989. The Agreement outlines the broad categories in which the federal government will make financial contributions toward Alberta's expenditures for language education: enhancement of programs; infrastructure support; teacher training; and student support.

Firearms

A one-year extension was negotiated for the Canada and Alberta Firearms Agreement, to expire on March 31, 1991. Under this Agreement, and as provided for in Section 111 of the Criminal Code, the federal government reimburses the provinces for administering the acquisition and certification of firearms.

Immigration

The Canada/Alberta Immigration Agreement was extended for an additional year, now to end November 1990.

Exchanges of Services

Canada and Alberta renewed again, for the 1989-90 period, the Canada/Alberta Detention and Parole Agreements. Through these agreements, the federal government purchases space in Alberta correctional institutions for federal inmates, and purchases counselling for federal inmates on authorized release.

Training

In April 1989 the federal government announced major changes to its training and unemployment insurance programs. These changes included amendments to unemployment insurance qualifying periods and benefits, and a new training emphasis on

increasing private sector training. A public consultation process was undertaken by the federal government, which delayed negotiations of the federal/ provincial training agreements. The Agreements, which were to expire on March 31, 1989, were extended for one year.

Canada/Western Provinces Memorandum of Understanding on the Implementation of the Western Procurement Initiative

The federal government announced the Western Procurement Initiative in July of 1988 to increase the amount of federal purchasing in Western Canada by $600 million over four years.

During 1989-90, the Western provinces and federal government cooperated in drafting the Canada/Western Provinces Memorandum of Understanding on the Implementation of the Western Procurement Initiative.

The agreement was signed on April 5, 1990.

WESTAIM Agreement

The department assisted in the finalization of the $140 million WESTAIM project. The agreement provided for government assistance to establish a Research and Development facility in the field of advanced industrial materials (AIM). In conjunction with the Department of Technology, Research and Telecommunications, the department negotiated with Sherrit Gordon Mines, the National Research Council, the federal Department of Industrial Expansion and the federal Department of Western Economic Diversification to locate the project at Fort Saskatchewan, Alberta. The contributions were as follows: Private sector ($70 million); Alberta ($40 million); and Canada ($30 million).

Canada-Alberta Agreement on Soil, Water and Cropping Research and Technology Transfer (CARTT)

Negotiations were conducted on this $1.6 million agreement. Its purpose is to develop and transfer conservation technology on a province-wide basis.

Canada-Alberta Soil Conservation Initiative (CASCI)

A three-year, $34.8 million initiative to establish long-term, locally based conservation plans was signed.

Intergovernmental Agreement on Information Sharing on Financial Institutions

This agreement, signed on April 20, 1989, formalized the sharing of regulatory information for policy development and enforcement in joint investigations.

Statement on Interjurisdictional Cooperation on Environmental Matters

On March 20, 1990, the Canadian Council of Ministers of the Environment (CCME) endorsed the "Statement on Interjurisdictional Cooperation on Environmental Matters". This agreement established the intention of all jurisdictions to work together toward comprehensive protection and management of the environment. It established broad principles of cooperation to guide future activities of governments, and in a Plan of Action, outlined actions and instruments necessary to make cooperation happen.

The fundamental principles included respect for jurisdictional responsibilities, maximum cooperation, early and effective notification and consultation on projects that may affect a neighboring jurisdiction, information sharing and avoiding duplication. This agreement is intended to lead to further bilateral discussions and agreements between the federal and provincial governments on these various issues.

1989 Waterfowl Crop Damage Compensation Agreement

This ongoing agreement was renewed in 1989. It continued a program to compensate

Alberta's farmers for substantial crop losses caused by waterfowl. For 1989, there were improved compensation rates and crop values for farmers.

Economic and Regional Development Agreement

Federal and Intergovernmental Affairs is responsible for the administration of the Canada-Alberta Economic and Regional Development Agreement (ERDA). The ERDA, signed on June 8, 1984, is an umbrella agreement establishing a framework for federal-provincial cooperation and coordination in achieving Alberta's economic and regional development objectives.

The ERDA was designed to tailor federal programs and policies to Alberta opportunities and priorities, create mutually supportive and reinforcing development activities, strengthen multi-departmental coordination within and between the two governments, and reduce duplication and regulation. This new approach was developed to ensure that governments can deliver their programs more effectively and efficiently, thereby creating an important new vehicle for intergovernmental cooperation.

The ERDA Management Committee, co-chaired by the Deputy Minister of Federal and Intergovernmental Affairs and the Deputy Minister of Western Economic Diversification, is responsible for coordinating activities, advising ministers, and implementing ministerial decisions. ERDA programs and activities are administered through subsidiary agreements and memoranda of understanding implemented by line departments. Departmental officials served as ex-officio members of management and steering committees of subsidiary agreements and memoranda of understanding, advising on the inter-relationship of specific initiatives to the broad objectives of the Agreement and providing liaison to the ERDA Management Committee.

Subsidiary agreements (cost-shared 50:50) in force were:

- Tourism $56.3 million
- Northern Development $40 million
- Agricultural Processing $50 million

Memoranda of understanding focus on harmonizing policies and on-going activities. Three memoranda of understanding were in operation:

- Tourism Development
- Science and Technology
- Transportation

Two memoranda expired during the year:

- Agrifood Development
- Native Development

During the year, considerable effort was undertaken to expand the role of the ERDA in Alberta through increased subsidiary agreement activity. No tangible progress was achieved in the following areas:

Mineral Development – efforts were aimed at developing a cost-shared agreement focussed on metallic minerals.

Cultural Industries – discussions focussed on developing programs and obtaining a commitment to conclude a subsidiary agreement.

Forestry Development – discussions on a new agreement to replace the previous agreement, which expired in March 1989, continued.

Agricultural Processing and Marketing – due to the heavy demand for funds, the Agriculture department stopped taking applications for assistance in 1989. Alberta asked the Department of Western Economic Diversification to enhance the fund to meet the needs of Alberta farmers.

International Relations

The central focus of Alberta's international relations is the United States, accounting for over 70 per cent of the province's exports, 71 per cent of tourists and the majority of foreign investment. This relationship continued to strengthened during 1989 due, in part, to the passage by both Canada and the United States of the historic Free Trade Agreement the previous year.

Other key areas of focus for Alberta are Asia, Europe, and the U.S.S.R. Alberta's trade with the Asia/Pacific region represented over 50 per cent of the non-U.S. exports in 1989, versus eight per cent for Europe and five per cent for the U.S.S.R.. Tables 5 and 6 provide an overview of Alberta's exports in 1989, by country and by commodity.

Europe continued to be the most important non-U.S. source of investment, although there was a marked increase in investment interest by business people from several Asian countries. European tourists were also the most numerous after American visitors.

A number of representatives from various countries took the opportunity to visit Alberta during the year. They included King Hussein of Jordan, Her Excellency V. Finnbogadottier, President of Iceland and Princess Chulaporn Valailak of Thailand. The Japanese Ministry of International Trade and Industry Mission also came to Alberta to study the province's investment climate.

Official familiarization tours were arranged for the Ambassadors or High Commissioners of the United States, Japan, Australia, U.S.S.R., Belgium, Sweden, France, Israel, Uganda, Tanzania, Kenya, and the ASEAN countries. Tours were also arranged for Canadian Ambassadors, High Commissioners, and Trade Commissioners to the United Kingdom, United States, Brazil, Columbia, and Costa Rica.

Trade and Policy

Alberta Management of Trade Negotiations/ International Involvement

The Alberta Cabinet's International Trade Negotiations Task Force, chaired by the Minister of Federal and Intergovernmental Affairs, continued to provide ongoing direction for trade negotiations. The Task Force members, which include the Minister of Economic Development and Trade, the Minister of Agriculture and the Provincial Treasurer, established Alberta's priorities and objectives and ensured that they were pursued with federal counterparts. The Minister of Federal and Intergovernmental Affairs represented the province at Western provincial and federal–provincial meetings which focused on trade negotiations issues and was the federal government's initial contact for issues emanating from the implementation, management and further negotiation of the Canada–U.S. Free Trade Agreement (see section under United States on page 33). The Department of Federal and Intergovernmental Affairs continued to coordinate provincial activities in the area of trade negotiations and trade policy, through a Trade Policy Committee of officials. It also continued to seek provincial participation in Canadian delegations at international consultations and negotiations, whenever those discussions involve issues of direct importance to the province or affect its constitutional responsibilities.

Multilateral Trade Negotiations

The multilateral trade negotiations, which started in September 1986 in Punta de le Esta, Uruguay, were finally able to proceed on a substantive basis. The Mid–Term Review in Montreal in December 1988 was the first GATT ministerial meeting to occur in the middle of a round of multilateral trade negotiations. When the Uruguay Round of

negotiations was launched, the GATT Contracting Parties set the Mid-Term Review at the ministerial level to ensure the timetable was adhered to for a successful conclusion. However, the Ministerial Mid-Term Review was only partially successful.

The Mid-Term Review considered the progress of 14 negotiating groups on goods and a separate negotiating group on services. Eleven groups, including the services group, produced an agreement on negotiating frameworks for the final stages of the negotiations. However, in four groups, the subjects proved to be contentious, with the most difficult being agriculture. Due to the considerable differences in negotiating objectives and positions between the European Community and the United States, common agreement on the negotiating framework was not achieved. Therefore, the results of the Mid-Term Review for all 15 negotiating groups were suspended until complete agreement on agriculture and the other unresolved issues could be obtained. GATT negotiators were directed to meet in Geneva during the first week of April 1989 to resolve the outstanding issues. The Trade Negotiations Committee, meeting at the senior officials' level, reached agreement on agriculture and the three other groups, allowing the negotiations to resume in earnest.

Alberta closely watched the developments in the MTN and, in cooperation with the other Western provinces, worked on issues of common interest. The Western Ministerial Working Group on the MTN, established by the Western Premiers' Conference in 1988, submitted a report of its activities to the Western Premiers' Conference. The Minister of Federal and Intergovernmental Affairs, in his capacity as the Minister responsible for trade negotiations, participated in the activities of the working group which met twice during the year. The report covered activities during 1988–89 and summarized various Western provincial position papers which had been submitted to the federal government. Given the broad range of activities associated with trade negotiations, Western Premiers extended the mandate of the ministerial working group to cover the multilateral trade negotiations, the Free Trade Agreement, trade disputes in general, and associated policy issues.

At their Conference the Western Premiers considered Canada's agricultural policies in the context of international developments. They acknowledged there are a number of imperfections in Canadian supply management programs. They agreed domestic policies must promote a more diversified market-sensitive agricultural sector. They reaffirmed their support for the need for the multilateral trade negotiations to achieve a significant reduction in market access barriers facing western agricultural products. Recognizing the important effect of these negotiations on provincial economies and the fact that provincial policies and programs may be involved in the negotiating process, the Premiers stressed the need for full provincial participation in the multilateral trade negotiations. The Federal-Provincial Committee on the Multilateral Trade Negotiations (CMTN), chaired by the federal Assistant Deputy Minister for Multilateral Trade Negotiations (External Affairs) and established to facilitate federal-provincial cooperation, met 10 times during 1989–90. Federal and provincial ministers responsible for international trade negotiations also met twice.

Through the course of the federal-provincial dialogue, both at the ministerial and officials level, Alberta continued to urge the federal government to negotiate the elimination of trade-distorting policy measures and agricultural export subsidies, and to bring discipline to domestic agricultural policy measures which have trade-distorting effects.

During 1989–90 the multilateral trade negotiations proceeded well in a wide variety

of fields, with the province involved in substantive contributions related to agriculture, subsidies and countervailing practices, services, tariff and non-tariff barrier reductions, and federal–provincial implementation issues. As of March 1990 developments in the negotiating groups were progressing satisfactorily, leading to the targeted conclusion of the Uruguay Round of negotiations in December 1990.

Agricultural Trade Policy

In addition to pursuing its objectives for the agricultural sector in both the Canada–U.S. bilateral discussions and the multilateral trade negotiations, Alberta continued to advance its interests in other ways. During the reporting period, the department was involved in seven meetings of the Federal–Provincial Agriculture Trade Policy Committee. This committee, established by the federal–provincial Ministers of Agriculture in 1984, provides an opportunity for officials to address specific agriculture trade problems. The committee also serves as a forum for interprovincial dialogue and provincial contributions to the federal government on trade policy issues, including agricultural provisions of the Canada–U.S. Free Trade Agreement and the multilateral trade negotiations. During the reporting period, the committee also initiated efforts designed to reduce or eliminate interprovincial barriers to agricultural trade.

The committee also helped organize meetings in Vancouver in April 1989, and in Mackinac Island, Michigan, in September 1989, of the States–Provinces Agricultural Accord. The Accord, established in 1986, is comprised of Canada's provincial agriculture ministers and the Board of Directors of the U.S. National Association of State Departments of Agriculture (NASDA).

The Accord facilitates crossborder dialogue and information exchange on agricultural trade issues in order to defuse existing and potential trade irritants. Topics discussed included the implementation of the Canada–U.S. Free Trade Agreement, state and provincial perspectives on the Uruguay Round of GATT negotiations, and possibilities for smooth trade relations for grains and oilseeds, meats and livestock, potatoes, mushrooms, cucumbers, bees and honey.

International Energy Developments

Alberta continued close contacts and involvement with the International Energy Agency and closely monitored developments involving the Organization of Petroleum Exporting Countries (OPEC) and among non-OPEC energy producing regions and their informal group, the Independent Petroleum Exporting Countries (IPEC). Officials from the Department of Energy and the Alberta Petroleum Marketing Commission attended meetings of the technical advisers of IPEC as observers, and maintained close contact with the Canadian Ambassador or High Commissioner in the countries where meetings occurred. Alberta officials also provided briefings and reports to the federal Departments of External Affairs and Energy Mines and Resources. The province maintained its monitoring and involvement in the activities of the International Energy Agency (IEA) through regular federal–provincial contacts and in meetings in Paris with the IEA.

Table 5

Top 10 Alberta Commodity Exports 1989

	1989	% of Total
1. Crude petroleum	3,426,433	26.2
2. Natural gas	2,765,956	21.2
3. Wheat	572,997	4.4
4. Sulphur	542,174	4.2
5. Coal	486,321	3.7
6. Wood pulp	434,742	3.3
7. Polyethylene	378,009	2.9
8. Barley	291,105	2.2
9. Styrene	276,377	2.1
10. Canola seed	253,774	1.9
Total Above	9,427,888	72.2
Total All Exports	13,056,105	100.0

Table 6

Alberta's Largest Export Markets 1989
($000s)

	1988	% of Total	1989	% of Total	% Change (88–89)
United States	9,122,384	68.7	9,554,203	73.2	4.7
Japan	1,000,633	7.5	1,140,442	8.7	14.0
South Korea	320,864	2.4	350,502	2.7	9.2
European Com.	330,420	2.5	283,983	2.2	–14.1
China	642,406	4.8	220,121	1.7	–65.7
USSR	266,604	2.0	170,227	1.3	–36.1
Taiwan	200,664	1.5	139,368	1.1	–30.5
Saudi Arabia	44,327	0.3	115,794	0.9	161.2
Australia	99,982	0.8	101,500	0.8	1.5
Brazil	92,273	0.7	95,572	0.7	3.6
Total Above	12,120,557	92.6	12,171,712	93.2	0.4
Total All Countries	13,283,514	100.0	13,056,105	100.0	–1.7

Table 7

Tourists to Alberta – Ten Leading Sources, 1987 – 89

Country	1989	1988	1987	1987–89	% of Total (1987–89)
United States	1,002,900	1,223,479	1,046,775	3,273,154	78.24
United Kingdom	99,800	86,500	70,568	256,868	6.14
Japan	91,200	93,362	64,823	249,385	5.96
West Germany	47,700	52,105	34,029	133,834	3.20
Australia	29,900	30,045	26,966	86,911	2.08
Hong Kong	15,000	12,057	10,537	37,594	.89
The Netherlands	14,800	14,888	15,145	44,833	1.07
Switzerland	13,700	13,673	9,572	36,945	.88
France	13,100	12,033	9,656	34,789	.83
New Zealand	10,800	10,076	8,774	29,650	.71
Total	1,338,900	1,548,218	1,296,845	4,183,963	100.00

Table 8

International Visits to Alberta

Country	89/90	88/89	87/88	86/87
Japan	31	45	52	37
China	24	28	29	34
U.S.A.	26	25	24	24
West Germany	17	9	6	5
Republic of Korea	11	5	7	4
Jordan	8	3	–	–
U.S.S.R.	7	10	12	16
Hong Kong	6	11	5	10
Thailand	5	2	7	5
Belgium	5	5	4	5
United Kingdom	3	7	11	8
Australia	3	5	3	5
Yugoslavia	2	4	6	2
East Germany	2	4	3	4
Colombia	2	3	2	3
Mexico	2	3	2	3
Netherlands	–	7	3	3
France	1	6	3	4
Czechoslovakia	1	5	–	–
Venezuela	–	5	4	3
Romania	–	4	–	–
Hungary	1	3	–	3
Norway	1	3	5	3
New Zealand	–	2	–	–
Spain	–	2	–	–
Algeria	–	2	–	–
Other	48	45	36	40
Total	206	253	245	258

Table 9

Official Visits to Alberta – by purpose

	1989–90
Familiarization Tours	
• Foreign Diplomats	23
• Canadian Diplomats	12
• Media	3
Trade and Investment	54
Energy	24
Agriculture	39
Science and Technology	18
Culture and Education	9
Other	24
Total	206

International Assistance

Alberta continued to assist in the development of basic physical, social and educational needs in some of the world's least developed countries through the operation of the Alberta International Development (AID) program in 1989 – 90. All assistance is provided to various non–profit aid and development organizations such as the Canadian Executive Service Overseas and OXFAM Canada, which use the Alberta funding to supplement their efforts. In 1988–89 most of the AID funding went to basic health care, vocational and literacy training, providing water, and community economic development.

AID Program expenditure in 1989–90 was $1,997,797, divided among 168 projects in 54 countries. The projects were managed by 70 non–profit organizations.

Canadian Studies

As in previous years, the Government of Alberta through the Department of Federal and Intergovernmental Affairs continued to offer financial support and administrative assistance to Canadian Studies programs abroad. The purpose of such funding is to ensure that an awareness and understanding of Canada and, more particularly, of Alberta is maintained internationally. Alberta's support to Canadian Studies programs often augments the Canadian government support, thereby ensuring the total Canadian effort is not focused solely on a central–Canadian view of the country. The province benefits from this type of support since better relations with future decision–makers can make a positive difference on international trade and investment, leading to increased business opportunities for Alberta companies, and jobs for Alberta workers. Our relations with other countries are also enhanced through an expanded foreign knowledge of Alberta and our government system, economy, history and culture.

In July 1989, a program review of the Canadian Studies program was finalized and a report on program activities since inception in 1983, was tabled in the Alberta legislature.

Below is a brief summary of Alberta's support to Canadian Studies Programs for 1989–90.

	$ (Cdn.)
United States	
• Association for Canadian Studies in the United States (ACSUS), Washington D.C.	10,000
• Pacific Northwest Consortium, Eugene, Oregon	2,500
• Berkeley University, Berkeley, California	5,000
Asia	
• Yonsei University, Seoul, South Korea	10,000
• Chulalongkorm University, Bangkok, Thailand	10,000
United Kingdom	
• Foundation for Canadian Studies in the United Kingdom, London	11,500
Total	49,000

The United States

The Canada/U.S. Free Trade Agreement

This fiscal year marked the first year of operation for the Canada/U.S. Free Trade Agreement, now the framework for economic relations between the two countries. While not all issues were satisfactorily resolved with the agreement, Alberta viewed its implementation as a highly beneficial development. Under the agreement, tariffs on many exports were removed on a phased-in basis; important markets for Alberta exports such as oil and gas were guaranteed; and a dispute-resolution mechanism was established to address trade irritants. Both countries resolved to work together to address remaining difficult issues such as the definition of a subsidy.

It was recognized that implementation might not be smooth and problems did arise at border crossing points as customs officials coped with the new rules. Most problems were technical in nature. This meant they could be addressed by officials outside of the political spotlight. Thus, Canada's objective of depoliticizing bilateral trade issues was greatly advanced. There was a growing awareness in Washington about the importance of Canada as a trade partner.

Provinces secured agreement from the federal government that federal-provincial ministerial meetings would occur prior to each meeting of the Canada-U.S. Trade Commission. The Commission involves Cabinet-level representation, the United States Trade Representative, and the Canadian Minister for International Trade. In 1989-90, federal and provincial Ministers Responsible for Trade Negotiations met twice to discuss upcoming Canada-U.S. Trade Commission meetings.

In these meetings Alberta's interests were pursued in relation to U.S. countervail action on Canadian pork exports to the U.S., the dispute-related tariffs on oriented strandboard and particleboard products, provincial liquor board practices, removal of border inspections for meat exports, negotiations for the accelerated removal of Canadian and U.S. tariffs, U.S. investigation of Canadian practices related to exports of durum wheat, and initiation of the activities of the FTA Working Group on Trade Remedies charged with considering development of alternative Canadian and U.S. trade laws related to subsidy-countervail and anti-dumping.

Through the course of consideration of all these and other issues, there was extensive involvement of specific sectoral departments and consultations with the industry sectors affected.

With respect to the U.S. countervail action on Canadian pork exports, the Alberta government decided to involve itself directly in the U.S. countervail investigation process. Taking advantage of opportunities provided by the FTA, Alberta registered as an interested party and contributed its own briefs, in both the injury investigation and subsidy investigation. The Government of Alberta thereby put itself in a position to be able to present its views and concerns directly to the investigating authorities. More importantly, the participant status would enable the province to initiate the Free Trade Agreement Chapter 19 dispute settlement procedure, if necessary, and to make direct representation to any panels which might be struck. In addition, in the extremely unusual circumstance that an Extraordinary Challenge to any panel ruling might occur, the province would have standing to make an appearance and representation. This was the first time any province participated directly in such a process.

A major federal-provincial issue pursued through the course of the year revolved around obtaining a formal written agreement on the nature of the provincial role in the management, implementation and further

negotiation of the FTA, and the provincial access to and involvement in the dispute settlement mechanisms. Federal and provincial ministers and officials worked throughout 1989-90 to reach agreement on this issue. At their Annual Western Premiers' Conference in Camrose, Alberta June 26-28, 1989 the Western Premiers issued a communique which stressed the need for full provincial participation in dispute settlement procedures arising under the Canada-U.S. Free Trade Agreement. In August of 1989, at the Annual Premiers' Conference held in Quebec City, Premiers of all ten provinces again addressed this issue. There was a consensus that the Chairman of the Annual Premiers' Conference would convey to the Prime Minister a proposal outlining the provincial role and that this should serve as the basis for the continued federal-provincial discussions on the issue. This interprovincial proposal was submitted and was pursued by provincial ministers in subsequent discussion. As of March 31, 1990 the federal government and the provinces had not yet concluded a satisfactory arrangement.

State/Provincial Contacts

The free trade agreement brought an increased interest in state-level relations with the provinces. For many years, Alberta has been a leader in promoting contacts between states and provinces, and after implementation of the Canada/U.S. free trade agreement began, there was a noticeable increase in activity at the state level. A number of province-state level initiatives undertaken by the Minister of Federal and Intergovernmental Affairs continued in 1989-90, including a meeting of the Canada/U.S. Legislative Project in September; consultations with Montana through the Montana/Alberta Boundary Advisory Committee in January 1990; and participation in the State Legislative Leaders Foundation in February.

Energy Sector Contacts

Representatives of energy regulatory authorities in the producing states of Oklahoma, Kansas, and New Mexico visited Alberta to learn more about the energy sector in the province. They sought to learn the provincial system of regulation and production, as well as the potential for increased production from heavy oil and oil sands.

Similarly, members of the South/West Energy Council visited the province in October to gain first-hand knowledge of the energy sector. This group draws its membership from legislators from producing states. Part of its mandate is to lobby Washington on national energy policy.

Their visit marked a breakthrough in that it involved representatives of states which compete with Alberta and might be expected to protect their oil and gas markets from Alberta competition. Instead, they sought to understand more about energy policies and potential in the province so that they could be more informed in the development of their own energy policies. Alberta energy producers and government officials were able to assure them that, contrary to what many in the U.S. industry think, industry in this province does not benefit from any unfair advantages and that, while it will compete aggressively for U.S. markets, it does not have the capability to flood the U.S. with underpriced Alberta gas.

Pacific Northwest Legislative Leadership Forum

Another new initiative took place in October in Seattle at a forum organized by Washington State Senator Alan Bluechel. Senator Bluechel, who was born in Canada, invited legislators from Alaska, Washington, Oregon, Idaho, and Montana to meet with their counterparts from British Columbia and Alberta to discuss the possibilities of regional cooperation in a broad

range of sectors. Out of this meeting a new group was born: the Pacific Northwest Legislative Leadership Forum. Spurred by the spirit of the free trade agreement, Senator Bluechel said the five states and two provinces represented a prosperous and dynamic economic grouping which could benefit from information-sharing and cooperative programs. For three days, legislators brainstormed about cooperating in forestry, tourism, trade, and the environment. Subcommittees were struck to pursue these ideas and provide organizational structure to the new Legislative Forum.

Western Legislative Conference

During a visit by the Honourable James D. Horsman to California in November, another precedent was set when the Economic Development and International Trade committee of the Western Legislative Conference passed a resolution extending honourary membership status to British Columbia and Alberta. The Western Legislative Conference membership encompasses legislators from thirteen western states who meet annually to discuss issues of common interest. Mr. Horsman was invited to address the committee concerned with economic development and trade regarding the Canada/U.S. Free Trade Agreement.

The resolution passed by the committee declared that to recognize the impact of the Canada/U.S. Free Trade Agreement on western states and provinces, the Western Legislative Conference wished to develop a broader regional perspective. Alberta welcomed this invitation as it provided an opportunity for provincial legislators and officials to promote provincial trade interests to representatives of states which are both important markets for Alberta exports and, in some cases, strong competitors.

Importance for Alberta/U.S. Relations

The increasing interest at the state level in contacts with provinces seemed to add a new dimension to Canada/U.S. relations. It can probably be attributed to two factors. First, the negotiation of the Canada/U.S. Free Trade Agreement, as mentioned, raised the profile of Canada in the United States as Americans learned about the importance of their largest trading partner. Second, throughout the 1980s there was a shift in responsibilities from the U.S. federal government to state governments in a number of fields, including trade. As federal spending was cut back under President Reagan, states assumed a larger role in several domestic policy areas such as education and welfare. They also began to adopt a more international orientation, recognizing the importance of trade to their economies and becoming more active in trade policy and promotion.

Since this trend will likely continue, Alberta's initiatives at the state level will become even more important. Alberta has long recognized the benefits of expanding contacts at the state level as a means of gathering intelligence and promoting Alberta's interests as a free trader. Now that the states and some other provinces are expanding into this realm, the management of state/provincial relations will become a more dominant focus of Alberta's relations with the United States.

Europe/U.S.S.R.

In 1989 through to April 1990, the political, economic and social barriers which had divided Europe for the last half century began to crumble with astonishing speed.

Eastern Europe/U.S.S.R.

With new political freedom ultimately originating from the Gorbachev reform process within the U.S.S.R., Poland, Czechoslovakia, Hungary, East Germany, Bulgaria and Romania all rejected their former communist regimes and, to varying degrees, began the long and difficult process of economic, political and social change.

In the U.S.S.R., the related processes of "glasnost" and "perestroika" established themselves in Western consciousness as signaling real and fundamental change in the Soviet Union. In 1989-90 glasnost or political and social openness continued to proceed at a faster pace than did the economic reforms of perestroika. This was highlighted by the elimination of the concept of the "leading role" of the Communist Party from the Soviet Constitution and the election of Mr. Gorbachev as the Union's first President.

Despite the new freedoms, and partly because of them, the Soviet economy suffered as the old centrally-planned economic system deteriorated. Moves toward a market-oriented economy were hesitant and uncoordinated. As a result Alberta-U.S.S.R. trade figures for 1989 were down somewhat over the recent past, totalling $170 million. For similar reasons, Alberta trade with the rest of Eastern Europe was also down to about $33.5 million in 1989.

Nevertheless, the Soviet Union continued to hold the strong interest of the Alberta private sector, especially in the oil and gas and agricultural sectors. As a result, representatives of Alberta Ministries of Federal and Intergovernmental Affairs, Agriculture and Economic Development and Trade played a prominent role in the Annual Canada-U.S.S.R. Mixed Economic Commission meetings held in Ottawa in September 1989.

Because of economic potential in the Soviet Union and in response to requests from both the Russian and Ukrainian Republic, the Honourable James D. Horsman headed an Alberta delegation to the Soviet Union in October 1989. During the visit Mr. Horsman met with senior U.S.S.R. officials, including Politburo member Alexander Yakovlev, formerly the Ambassador to Canada and an influential advisor to President Gorbachev.

The main focus of the visit was the signing of a general Cooperation Agreement between Alberta and the Russian Soviet Federated Socialist Republic (RSFSR). The agreement was signed by Premier Getty and finalized with the Chairman of the RSFSR Supreme Soviet, Mr. Vitaly Vorotinikov on October 20, 1989.

The agreement covers a wide range of commercial initiatives and other areas of potential cooperation including scientific research and academic, cultural and sport exchanges. After the signing of the cooperation agreement, delegations from Alberta Agriculture, Entrust Canada Ltd. (Alberta Special Waste Management Corporation), and the Alberta Research Council travelled to the RSFSR to explore cooperation potential. In February 1990, the Honourable Stephen West, Alberta Minister of Recreation and Parks, travelled to Moscow and Murmansk at the invitation of the Russian Sport Minister, along with a team of Alberta biathletes who competed in the Soviet Arctic Games. By the end of 1989-90 a very full program of Alberta-RSFSR exchanges and missions was taking shape.

Mr. Horsman also travelled to Kiev, Ukraine during the visit to follow up on the interest in closer Alberta-Ukraine commercial relations

which arose from the successful Ukraine Trade and Culture Exhibition held in Edmonton in July 1989. While in Kiev, the Alberta delegation held discussions with Ukrainian Prime Minister Vitaly Masol and other senior economic ministers on means of strengthening commercial relations between Ukraine and Alberta.

Western Europe

Although 1989 was a watershed year in Eastern Europe, Western Europe, too, was an important area of focus for Alberta. Critical talks on the future of the General Agreement on Tariffs and Trade (GATT) were ongoing, with the European Community's Common Agricultural Policy (CAP) serving as a major impediment to progress. The 12 countries of the E.C. engaged in important debate as to the nature and direction of the new Europe under the E.C. Single Market 1992 process. Many trade partners of the E.C., including Canada and Alberta, expressed reservations about the possibilities of an inward-looking "Fortress Europe" developing.

In terms of trade, total sales of Alberta goods into Western Europe, amounted to $309 million. However, in the longer run it appeared that the 1992 process and the increasing harmonization of policy of the European Free Trade Association (EFTA) countries with those of the E.C., should facilitate greater trade flow in the future for Alberta.

On the investment side, a slowdown in terms of European investment in Alberta appeared likely as factors such as the 1992 process and the opening of the East European economies tended to focus investment internally in the region. Notable exceptions to that trend, such as the British Gas investments of over $500 million in Bow Valley Resources, however, continue to occur.

Western Europe (and, to a degree, Eastern Europe and, the U.S.S.R.) remained leaders in many fields of scientific research of interests to the province. During 1989/90 there were several visits to the region by representatives of the Alberta research community, as well as the development of a number of specific scientific cooperation agreements between Alberta and European agencies. Alberta also provided input to a number of science and technology negotiations between Canada and European countries, most notably with West Germany in the areas of coal gasification and oil sands technology.

Latin America

Alberta exports to Latin American and Caribbean nations amounted to $270 million in 1989, 2.1 per cent of total exports. Major markets in the region were Brazil, Mexico, Cuba, Chile and Colombia. Major exports included wheat, sulphur, canola and coal.

Brazil and Mexico ranked as the province's 9th and llth largest export markets. The growing economies in this region provide important opportunities for Alberta, particularly in the energy and agricultural sectors.

Alberta has been making special efforts to increase its visibility and expand links in the region. Provincial universities and some community colleges have established cooperative programs with institutions in Mexico, Brazil, Chile, Colombia, Bolivia, Argentina and Jamaica. The Department worked closely with Alberta's education departments and institutions in facilitating some of these programs.

Alberta Agriculture has livestock cooperation agreements with the Mexican states of Jalisco, Durango, and Zacatecas, and a bull-testing program has been developed between the cattle breeders' associations in Alberta and Jalisco. During the year the Minister of Agriculture participated at the Guadalajara livestock show.

The department liaised closely with the growing Latin American and Caribbean communities in the province to encourage their advice and involvement in relations with the region.

The province continued to carry out discussions with visiting representatives from the southern Argentine province of Neuquen, aimed at establishing formal cooperation in various energy and trade-related areas.

Latin American and Caribbean countries were well represented at the InterCan Oil and Gas Exhibition Show in Calgary in June 1989, and at the Alberta Summer Institute for Petroleum Industry Development (ASIPID) during June-July 1989.

Africa

Africa was a major recipient of Alberta aid in 1989-90, with 46 projects receiving $448,254 in support. Ethiopia, Zimbabwe, and Zaire were primary recipient countries. Projects included water development, health and nutrition education, and food production.

One High Commissioner, H.E. Peter Palangyo of Tanzania, visited on his official familiarization tour. Visits by ambassadors and high commissioners continued to focus on developing trade linkages and seeking investment in African countries.

The department was involved in supplying a keynote address to the Canada North-South Foundation's Africa Opportunities Fair, designed to expose Albertans to business and investment opportunities in Africa.

The release of Nelson Mandela in early 1990 brought the promise of significant changes in South African policies including apartheid. Discussions continued on the possibility of reducing or eliminating sanctions, depending on the degree of progress in South Africa. Relaxation of sanctions would bode well for Alberta industry, especially sulphur producers, as South Africa presents a major market for this commodity. The department responded to numerous inquiries from the public on developments in South Africa.

Middle East

Alberta's interests in the Middle East remained with developments affecting oil prices and expanding commercial ties. The ending of the Iran-Iraq war the previous year brought the prospect of enhanced trade opportunities for Albertans as both countries looked toward re-construction. Canada's diplomatic relations with Iran continued to improve and in September 1989, the National Iranian Oil Company opened a purchasing office in Calgary.

Throughout the Middle East in general, opportunities for Alberta were appearing. These were based on existing economic ties, and trade of agricultural commodities, sulphur and oil and gas equipment and services. This reflected the increasing development and sophistication of Middle East economies. Joint ventures, the provision of educational and training services, tourism and entrepreneurial immigration from the Middle East were identified as further ways to expand Alberta's ties with the region.

Alberta's exports to the Middle East increased by 65 per cent to reach $297 million in 1989. The predominant exports remained wheat, barley and sulphur.

Asia-Pacific Region

Asia-Pacific accounted for approximately 16 per cent of Alberta's total exports, and for over 50 per cent of all non-United States exports in 1989. Alberta's three largest trading partners in the region are Japan, Korea and China. Other markets in the region are being aggressively developed, with Thailand, Indonesia, Malaysia and India emerging as key destinations for export development. Total 1989 exports to the Asia-Pacific region are estimated at $2.04 billion. This figure does not include trade "invisibles" such as services in consulting, tourism and other contracts which are a large part of the Alberta/Asia-Pacific commercial relationship.

Since 1988, there have been major breakthroughs in attracting Asian investment. Approximately $1 billion in Japanese investment in Alberta was announced in 1989, including investments in two Alberta pulp mills and the pharmaceutical industry.

Alberta continues its efforts to develop and expand overall relations with Asia-Pacific countries through: Alberta offices in Japan, Korea, and Hong Kong; increasingly active Canadian Studies programs at regional universities; frequent trade, investment and other missions from Alberta to Asia; trade shows, promotions and exhibitions; and through the large number of visits from Asia encouraged and received by Alberta.

A number of Alberta ministers visited the region, including the Ministers of Economic Development and Trade, Tourism, Technology, Research and Telecommunications, Recreation and Parks, Culture and Multiculturalism, and the Associate Minister of Agriculture. They encouraged trade, investment and other relations, while reviewing current Alberta efforts in these areas.

The Department of Federal and Intergovernmental Affairs upgraded and maintained 11 Alberta information resource centres in Asia, which contain publications, directories, reference materials and literature related to the province. Accessible to the general public, the centres promote awareness and provide up-to-date information on the province.

Asean

In June 1989, the six Ambassadors and High Commissioners of the ASEAN (Association of South East Asian Nations) countries travelled to Alberta for meetings in Edmonton with the Right Honourable Joe Clark, Secretary of State for External Affairs, as well as Alberta Cabinet Ministers. In addition to these meetings, the Heads of Post also presented an ASEAN business seminar to the Alberta private sector, resulting in identifying a number of business opportunities for Alberta companies in that region.

Japan

In 1989, Alberta exported $1.083 billion of goods to Japan, representing an 8.3 per-cent-increase over 1988. Principal exports to Japan included coal, canola, petrochemicals, wheat and barley.

Promotion of Alberta agriculture and food products and tourism continued to be a priority in Japan. Educational exchanges, business and English-as-a-Second-Language programs in Alberta were also promoted.

In October 1989, a high-level delegation led by the Ministry of International Trade and Industry of Japan visited Alberta as part of a cross-Canada tour to examine possibilities of investing in Canada following the implementation of the Canada-United States Free Trade Agreement. The Department was closely involved in developing the mission's program in Alberta. Alberta was listed as a "highly motivated province", with a positive investment climate, and opportunities for

cooperative research and development ventures with Japan.

The Department worked closely with other departments on establishing the first direct flight links between Alberta and Japan. These were successfully negotiated, with flights beginning in June 1989 on a trial basis, between Tokyo and Edmonton/Calgary.

Korea

The Republic of Korea moved from fourth to third in importance to Alberta for exports in 1989. The value of these exports was $350.5 million, representing a 3.3 per-cent-increase over 1988, and a 22 per-cent-increase over the previous three-year average. Principal exports included coal, petrochemicals and sulphur. Alberta's office in Korea completed its first full year of operation, headed by the senior director, Mr. Neil Simpson.

Alberta continued its fifth year of support for the thriving Canadian Studies program at Yonsei University. The third annual Korea-Canada Conference, organized by Yonsei University and the University of Alberta, was held in Edmonton in 1989. The conference provided an opportunity for scholars, government officials and experts from both countries to discuss topics related to the growing relationship between Canada and Korea. As well, a textbook of readings on Western Canadian studies was compiled and translated into Korean, for use in appropriate courses at Yonsei.

China

During the June 1989 Chinese government crackdown on students in Tiananmen Square, Federal and Intergovernmental Affairs worked closely with the Canadian government in responding appropriately. This response included evacuation of Albertans working in China at the time; the development of policy for Chinese citizens wishing to remain in Canada; and the development of policy on relations with China as a result of the Tiananmen Square incident.

Sales to China in 1989 totalled $213 million, primarily in wheat, petrochemicals, barley and sulphur. This was down from the previous year due to exceptionally high wheat sales in 1988, but approximately equal to the previous four-year (1984-87) average.

In addition to trade activities, plans for the establishment of an Alberta Petroleum Training Centre in Beijing were developed, and an Alberta director was appointed to Beijing to oversee its construction for the scheduled opening in 1991.

The second phase of the Ex Terra Foundation Canada-China Dinosaur Project continued in 1989, following up on a 1988 paleontological expedition and excavation in the Gobi Desert, with similar expeditions in Canada's high Arctic. The Alberta-based project began plans this year for a 1992 worldwide exhibition of dinosaur artifacts found during these expeditions.

Alberta's Sister Province Relationships

In 1974, Alberta formed a sister province relationship with Kangwon province in South Korea. Since that time, two additional relationships were successfully formed with Hokkaido, Japan (1980) and Heilongjiang, China (1981). These formal affiliations are based on the numerous similarities among the provinces, especially in climate (all are within the northern, cold regions of their respective countries) and resources. They have provided valuable opportunities for raising Alberta's profile in the increasingly important Asia-Pacific region. In 1989, individual exchange programs resulted in over 100 missions and activities in over two dozen areas. These included commercial activity, forestry, technology, science, agriculture, medicine, education, sports, culture, advanced education and municipal exchanges.

Follow-up to formal biennial consultations between Alberta and each of its sister provinces continued in 1989, with special attention focused on the trilateral relationship between Alberta, Heilongjiang and Hokkaido. The three provinces agreed to cooperate on wheat amelioration, aquaculture, and cold-weather construction.

Eight Alberta municipalities had many exchange programs such as homestay visits, sports exchanges and commercial activity with twin municipalities. These affiliations include:

Edmonton and Harbin, Heilongjiang
Calgary and Daqing, Heilongjiang
Stony Plain and Shika-Oi, Hokkaido
Lacombe and Rikubetsu, Hokkaido
Rocky Mountain House and Kamikawa, Hokkaido
Camrose and Kamifurano, Hokkaido
Stettler and Okoppe, Hokkaido
Canmore and Higashikawa, Hokkaido

Heilongjiang

The year 1989 showed continued commercial benefits for Alberta companies doing business in Heilongjiang. Among new businesses were an Alberta-based trading company branch office in Heilongjiang, and continued sales of oil and gas equipment and services to the Daqing oilfields, which account for 52 per cent of China's annual petroleum output. A third joint-venture project was a Chinese art retail company in Edmonton. Preceding ventures were a Harbin trading company in Edmonton, and Calgary's venture of developing a major water treatment facility in its sister city of Daqing. As a result of this activity, it was agreed to establish a formal Alberta-Heilongjiang Commercial Exchange Committee, whose mandate will be to identify and pursue possible areas for commercial cooperation.

The exchange program between 16 Heilongjiang and Alberta medical specialists involved joint research and studies in many areas, including advanced cardiac surgery, pain treatment and cancer. Science and technology also held exchanges. Scientists from the Alberta Research Council and the Heilongjiang Academy of Sciences worked on projects which included satellite mapping and genetic engineering.

Successful exchanges in sports, culture and education also took place.

Hokkaido

Alberta and Hokkaido continued to develop viable commercial links. The Hokkaido-Alberta Commercial Exchange Committee met for the fourth time in September 1989, when a delegation of 19 Hokkaido business and governmental trade representatives held a week of one-to-one business meetings in Edmonton and Calgary. The committee's meetings focused on the transfer of this exchange's administration from government to business organizations in each province.

Faculty and student exchanges increased and new academic institutional linkages were established. The University of Lethbridge continued its bilateral language-study student exchange and its Canadian Studies faculty exchange with Hokkaigakuen University. The University of Calgary began an academic exchange program in English-as-a-Second-Language with the Dohto University in Hokkaido, and started negotiating with the Hokkaido University of Education on an education students' exchange program to begin in 1990.

Additional exchanges in medicine, sports and culture occurred in the reporting period, including exchanges involving eight Alberta municipalities with their counterparts in Hokkaido. Plans were made for implementing new exchanges focusing on the family and social concerns, and in three-way cooperation with Heilongjiang and Alberta on cold-weather construction, agriculture and aquaculture. Planning for the commemoration of ten years of affiliation between Alberta and Hokkaido in 1990 also continued.

Kangwon

Alberta's relations with Kangwon focused on advanced education, education, medicine and sports. In advanced education, Kangwon's first recipient of an Alberta government scholarship successfully defended his Ph.D thesis, and returned to Kangwon to take up a teaching position at Kangwon National University, formally affiliated with the University of Alberta. As well, a pilot Canadian Studies program was launched at Kangwon National University, with a series of lectures by a University of Alberta professor.

During the sixth annual Kangwon Teachers of English Program, a group of 20 teachers from Kangwon attended an intensive training program in English-as-a-Second-Language at the University of Alberta. Medical exchanges discussed nursing and patient care at the University of Calgary and Hallym Medical University. A new sports exchange agreement was signed and Alberta will provide logistical planning assistance for the World Scouting Jamboree in 1991 in Kangwon.

International Offices

London Office

The Alberta office in London continued to monitor movements within the European community relating to the Single European Market. It also monitored and reported on the dramatic political changes within the former Communist bloc countries.

With the appointment of an Executive Director, European Relations, additional emphasis has been placed on attracting the business entrepreneurs to Alberta and continuing research into market openings in Europe for the Alberta agricultural and forestry sectors. Considerable preparation resulted in a highly-successful 25-company Lumber Mission to the U.K. and Europe in April 1990.

Alberta House was active in the arrangements for various energy seminars given by representatives from companies within the Independent Petroleum Association of Canada. A number of these were held in the London office, with others in Edinburgh, Paris and Geneva.

The joint program, set up with British Columbia, for Western Canadian Breakfast Seminars in selected U.K. towns and cities, has proved a very encouraging way to provide information on business opportunities available within the province in many sectors. Seminars were held in Portsmouth, Southampton, Birmingham, Dublin and Glasgow in 1989-90. The two provinces continued their joint participation with Canadian Airlines International in the Canada's West holiday program.

Alberta House continued to assist companies wishing to expand business in the United Kingdom and Europe, with many representatives using the London office to conduct their business while in London. The following Alberta companies opened offices in the U.K. during the year: Global Thermoelectrics; Interalia Inc.; Telecommunications Systems and Inverse Theory and Applications Inc.; and Wacko Entertainment.

The province has increased in potential for tourists during the year, with more enquiries received from the U.K. and Europe, particularly for adventure-type holidays. The tourism representatives have been active in seminars, presentations, and international travel shows throughout the European region.

Cultural support included art exhibitions at Alberta House, and promotion of music by contemporary Albertan artists through concerts in other venues.

The Agent General, Mary LeMessurier, continued her role on the Board of the Foundation for Canadian Studies in the United Kingdom, and through these activities maintained the province's commitment to encourage academic research and travel between the U.K. and Alberta.

Tokyo Office

The Tokyo office was established in 1970 representing Alberta's interests in Japan. During the reporting year, the office, headed by the Agent General, Ivan Bumstead, focused primarily on exports, investment, tourism and cultural promotion, and numerous exchanges with Hokkaido, Alberta's sister province.

The area of technology transfer received increased attention as the Alberta Research Council placed a contract employee in the office to explore opportunities in this important area. The Department of Energy assigned a senior staff member to Tokyo to promote trade and investment in the energy sector throughout Asia.

The office arranged programs for numerous missions from Japan to Alberta, and from Alberta to Japan. These included both public and private sector visits. The office assisted with the arrangements for five cabinet ministers and their delegations during this period, including the Ministers of Recreation and Parks, Culture, Agriculture, Tourism, and Technology, Research and Telecommunications. An expanded program of coordinating

familiarization tours to Alberta for journalists from leading Japanese news media resulted in substantial coverage in a broad range of areas.

A high priority continued to be placed on tourism promotion, and the result was increased interest by the Japanese travel trade in promoting Alberta as a preferred travel destination.

In August, the famous Japanese director, Haruki Kadokawa, filmed a major portion of his blockbuster film, "Heaven and Earth", in Alberta. This resulted in direct expenditures of some $15 million in the province, as well as anticipated substantial exposure when the film is distributed in June of 1990.

Substantial work was done during this period on a major project to bring an exhibition of dinosaurs to Japan in cooperation with Japanese corporate sponsors.

A full program of events was arranged in June of 1989 to commemorate the inaugural non-stop flight from Tokyo to Edmonton and Calgary.

Work continued on the major task of promoting expanded sales of Alberta beef into Japan, with activities such as cooking schools, beef demonstration classes and media promotion. Educational exchanges were given increased attention, with the office assisting the University of Calgary to promote its Japanese Executive Development Program. As well, the office arranged for formal exchanges between the Alberta Department of Education and NHK Gakuen, which is the main educational broadcaster in Japan. ACCESS Radio also obtained Japanese language training course materials for use in Alberta, on their "university of the air" program.

The exchange program between Alberta Agriculture and Seiyu Ltd., one of Japan's largest retail chains, completed its fourth successful year. The office played a key role in developing the program, the result of which was sales of processed foods to Seiyu Ltd. worth $5 million.

The office also is active in Korea, working with the Senior Director and his staff in Seoul, to develop innovative promotions of Alberta's interests there.

Seoul Office

Alberta opened an office in Seoul in 1988, in a shared office location. One Albertan staffed the office until the summer of 1989, when a locally engaged commercial officer and a secretary were hired. In February 1990, the office, headed by a Senior Director, Neil Simpson, moved to its current location at the Westin Chosun Hotel. The office's primary responsibilities are to help Alberta companies promote exports, attract investment and tourists, and promote Alberta's general interests in this fast-growing market. Korea purchased some $350 million worth of goods and services from Alberta in 1989, making it our third largest export market.

The office assisted in making arrangements for the visits of Alberta ministers, including Ministers of Economic Development and Trade, Agriculture, Technology, Research and Telecommunications, and Recreation and Parks. It also assisted with visits by the Mayor of Calgary, and the Deputy Mayor of Edmonton, together with their delegations. As well as these delegations, numerous businessmen and government officials requested assistance with appointments, follow-up, and market intelligence.

Sales of exports assisted by the office include beef, whiskey, semi-conductors, pollution control services and lumber products. Efforts to attract business immigrants to consider Alberta as their choice location area is also a regular part of the office's work. During the year three Korean journalists from top Korean daily newspapers visited Alberta for a familiarization tour, and provided coverage on their trips.

The office assisted with the arrangements for the annual Korea/Canada academic conference, jointly organized by the University of Alberta and Yonsei University. It was held at the University of Alberta campus in Edmonton in August 1989. The office was also involved in assisting with the Kangwon sister relationship programs, in particular those involving sport coaching exchanges and medical research.

The office worked closely with the Canadian Embassy to organize a very successful "Canada Week" in Seoul. This week showcased Canada as a good business partner for Koreans. The office worked to arrange an effective Alberta presence at this event.

Hong Kong Office

The Hong Kong office was established in 1980, representing Alberta's commercial, educational, cultural and other interests in the People's Republic of China, the ASEAN countries, Australia and New Zealand.

During the year, the office focused on opportunities within Asia-Pacific for investment in Alberta's oil and gas, hi-tech and biotechnologies industries. The office was involved in a series of food promotions in Singapore, as well as a Canada Investment Seminar. As in the past the Agent General, Jack Kennedy, maintained trade contacts in Malaysia and Thailand. He also provided market intelligence and assessed opportunities within the region.

In Hong Kong, the office arranged appointments for a large number of Alberta businesses, organizations, and educational institutions. The office was active in assisting the Calgary Convention and Tourism Bureau at the annual Hong Kong Intertour Expo '90; in promoting Alberta tourism; and keeping the Alberta presence in the tourism markets. Interest in the province as a tourist destination continued to grow.

With the help of the Hong Kong office, the Associate Minister of Agriculture had a most successful visit to Hong Kong which included meetings with important retail conglomerates. The office also made arrangements and appointments for a business mission of the Hong Kong-Canada Business Association, Edmonton section.

As in the past, the office was actively involved in attracting business immigrants to Alberta. In 1989, 80 business immigrants moved to Alberta from Hong Kong.

New York Office

Activities of the New York office covered three main areas: providing intelligence on developments in Washington; promoting economic development and investment opportunities; and marketing Alberta as a tourism destination to the corporate and incentive markets.

As this year marked the first year of the Canada/U.S. Free Trade Agreement, the New York office worked closely with staff of Federal and Intergovernmental Affairs to monitor its implementation. Particular attention was paid to certain trade disputes such as the pork countervail issue.

The office also focused on developments in the energy sector. Contacts were established with the backers of major proposals to carry Alberta gas to the U.S. northeast. Since this area represents an important new market for Alberta gas, the office maintained contact with those involved, including pipeline backers, Alberta producers, and U.S. regulators, in an attempt to assist the proposal to proceed.

Other developments in Washington which were followed closely included proposals for a Clean Air Act and a new Farm Bill. The Clean Air Act could have a significant impact on demand for Alberta gas in the future, as well as on interest in low sulphur western coal and clean coal technology. The U.S. Farm Bill,

which is passed every five years, traditionally has an important impact on Alberta's agricultural industry because it establishes the subsidies paid to farmers in the U.S. to produce and to export.

Economic development in Alberta was promoted through attendance at trade shows and by providing assistance to Alberta companies as required. The office also maintained contacts in the New York financial community since its funding sources, global analysts, and sector-specific experts continue to be a major source of information for both visiting Alberta companies and provincial departments. In addition, two major sources of investment were assisted in obtaining information about Alberta. A site visit to the province was arranged for one company and discussions were begun with another regarding potential investment.

Since Alberta Tourism's representative has been in place in the New York office for several years, Alberta has achieved a profile as a desirable destination for corporate and incentive travel planners. Exposure has been gained through press coverage and involvement in professional organizations, direct marketing sales calls and presentations, attendance at trade shows and the arrangement of site visits for select corporate executives.

Los Angeles Office

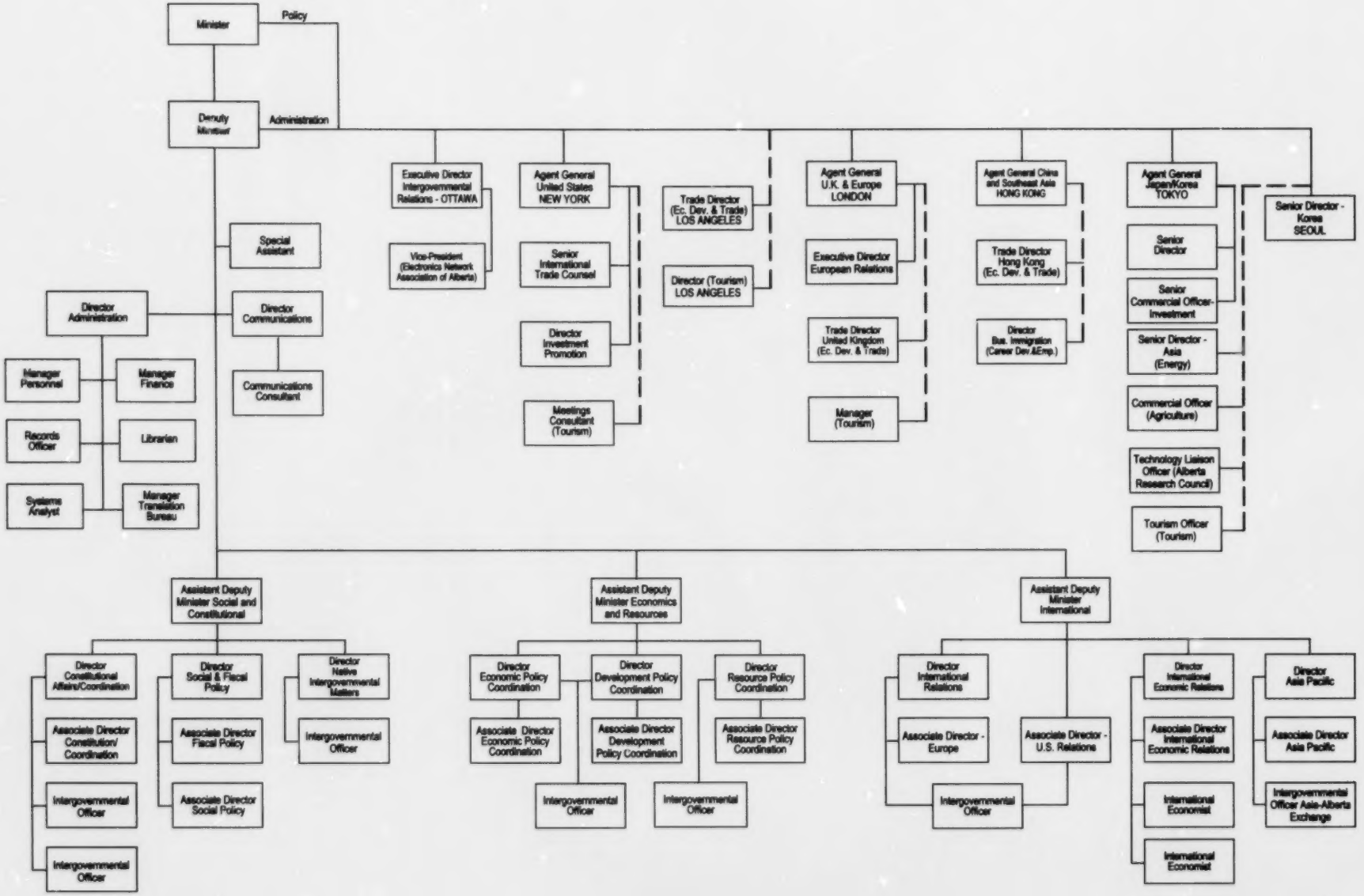
The Los Angeles office maintained its focus in 1989-90 on identifying and supporting economic development opportunities and on promoting tourism to Alberta. California continued to be a major market for such Alberta exports as natural gas and agricultural commodities. The office played an important role in learning of new opportunities for business and assisting Alberta companies to make key contacts in that market. This function is particularly important for smaller Alberta companies in the manufacturing or high technology sectors, which may never have exported to California before. California investors interested in the province were also given support and information.

The promotion of tourism to Alberta was accomplished through advertising, responding to inquiries, attendance at travel shows, and working with tour wholesalers. The Los Angeles office aimed to convert its awareness-marketing activities to sales.

Appendices

Appendix I Organizational Chart

Alberta Federal and Intergovernmental Affairs – January 1990



Appendix II

Western Premiers' Conference

Camrose, Alberta
June 26 - 28, 1989

Communique No. 1
Western Diversification, Trade and Regional Economic Development
Western Diversification

Premiers re-emphasized the need to build on the strengths of the Western economy and to maximize opportunities for diversification. They received a report from the Western Ministerial Working Group on Diversification and commended the ministers for the significant progress achieved over the past year. The Premiers mandated the diversification ministers to develop further opportunities for Western cooperation.

The Premiers also mandated further work with respect to the development of knowledge-intensive industries in the West, a cooperative approach to education and training to develop a highly skilled and adaptable work force in Western Canada, and the identification of sustainable development needs and opportunities.

Trade

Premiers stressed the need for full provincial participation in multilateral trade negotiations, and in dispute settlements arising under the Canada-U.S. Free Trade Agreement, as recommended by the Western Provinces Ministerial Working Group report, which was received and endorsed by the Premiers.

Premiers agreed on full departmental information exchange on new opportunities stemming from the free trade agreement.

Interprovincial Trade and Investment

Premiers reviewed the economic development and trade incentives being pursued by the western provinces. They agreed on the need for greater understanding and coordination, and directed that their ministers responsible for western diversification continue to meet regularly to review provincial trade and investment practices to design a more uniform approach. The ministerial forum could consider disputes if they arise.

Premiers re-affirmed their support for the removal of interprovincial trade barriers. They noted that western provinces lead the nation in this regard, as evidenced by the *Memorandum of Agreement on the Reduction of Interprovincial Trade Barriers in Western Canada: Government Procurement*, signed in March 1989. The agreement, the first of its kind in Canada, eliminates discrimination in the purchasing practices of the four western governments for goods, services and construction contracts. The agreement also improves access to information on government tenders in Western Canada.

Regional Economic Development

With respect to the significant role of the federal government in such matters, Premiers noted the provisions of the federal budget last April regarding regional development. To clarify these provisions, and to ensure the most effective coordination of federal and provincial efforts, Premiers urged the federal Minister, the Honourable Charles Mayer, to meet as soon as possible with the appropriate Western Ministers.

Western Premiers urged the federal government to streamline the Western Diversification Initiative, and to ensure that decisions on economic development proposals are made in the West, and with as little delay as possible.

The Premiers also urged Ottawa to negotiate and commit to cost-shared, long-term regional economic development agreements to replace the expired and expiring ERDA sub-agreements as soon as possible. There must be sufficient flexibility in the use of the federal regional development funds to provide for cost-shared programs consistent with provincial priorities. The Premiers called for a renewed federal commitment to joint planning and programming.

Communique No. 2

Environment

Western Premiers reaffirmed their common commitment to protect the environment. Indicating strong support for the *Report of the National Task Force on Environment and Economy*, they recommended that the National Round Table convene a joint meeting with all Provincial Round Tables to exchange information and ideas on the establishment of a sustainable development strategy that meets the needs of all regions of Canada. They stressed that the integration of economic and environmental objectives is essential if we are to preserve and enhance the prosperity and quality of life in Western Canada.

The Premiers recognized the necessity of ensuring stability and predictability in environmental management. The Premiers also stressed the importance of the government of Canada recognizing that provinces must continue to exercise primary control over environmental decision-making matters when provinces have the constitutional jurisdiction. The Premiers called on the federal government to respect that provincial jurisdiction in the application of environmental assessment procedures in order to reduce duplication, confusion, and unnecessary regulation. Premiers expressed their willingness to pursue a cooperative and coordinated arrangement between federal and provincial governments in circumstances when they share constitutional responsibilities.

Communique No. 3

Strengthening Agriculture

The Western Premiers stressed the need for long-term programs for agricultural producers that will ensure a secure and stable future. The programs must be designed to provide protection against fluctuations in production and price. Stable, long-term programs are required to replace ad hoc measures that have evolved in response to the international subsidy wars and recent weather disasters.

The Premiers support British Columbia in receiving a fairer share of quota for industrial milk. As they noted last year in Parksville, British Columbia's allocation under the national scheme allows B.C. producers to meet less than 30 per cent of local demand. The latest offer by the National Milk Marketing Board would put British Columbia in a worse position at the end of the proposed agreement than its current position.

Premiers acknowledged that there are a number of imperfections in supply management both within Canada and internationally. Domestic policies must promote a more diversified, market-sensitive agricultural sector. They re-affirmed their support for the need for the multilateral trade negotiations (MTN) to achieve a significant reduction in market access barriers facing western agricultural products.

The Premiers called on the federal government to work with the provinces in the provision of transportation infrastructure and on freight rates. The major issue on freight rates is the method of paying the "Crow benefit". The Premiers requested the federal government to provide the necessary flexibility through the *Western Grain Transportation Act* to allow provinces to be able to determine the method of payment within their province. More flexibility is necessary due to the differences in the agricultural economies within the West.

The Premiers encouraged the Government of Canada to quickly make payments to producers for drought assistance for the 1988 crop year.

Communique No. 4

Interest and Exchange Rates

Western Premiers again expressed concern about persistently high interest rates in Canada. Of particular concern was the large difference between Canadian and U.S. interest rates, and the pressure this difference puts on the Canadian dollar. This difference is now 3.5 percentage points for 91-day Treasury Bills, over twice the historical norm. Premiers pointed to significant evidence in their provinces for extensive investment in provincial bonds at rates lower than that of the Treasury Bills.

Continued high interest rate spreads between Canada and the U.S. will damage further the competitiveness of Canadian industry, and reduce growth in the western provinces. The adverse impact of the high rates on the Canadian economy more than offset any potential benefits in fighting the perceived inflationary pressures in Central Canada. Farmers, small businesses and ranchers are particularly affected since they are more heavily dependent on borrowing.

Exports valued in U.S. dollars are also being adversely affected, since high interest rates artificially raise the value of the Canadian dollar. The Premiers stressed that the high interest and exchange rates may place at risk Canada's historical trade surplus position. Premiers cautioned that under a combination of high interest rates and a high Canadian dollar, Canada may face a recession if action is not taken by the Bank of Canada to reduce interest rates.

Western Premiers expressed agreement with the recently released House of Commons Finance Committee Report, which called on the Bank of Canada to drop interest rates by 1.5 - 2.0 points. The Premiers called for immediate action to lower these rates.

Communique No. 5

Enhancing the Quality of Rural Life

The Premiers agreed to pursue a common strategy aimed at strengthening the viability and enhancing the quality of life in the rural communities of Western Canada.

Provincial strategies should aim at providing opportunities for local communities to work with provincial governments to define their respective roles in promoting regionally-based economic and social development. Development ideas, policies and programs should best be defined in conjunction with the communities they are intended to benefit.

One element of this strategy is the decentralization of federal and provincial government departments, services, and Crown corporations, and the channelling of government procurement to producers and suppliers throughout the rural West.

A coordinated strategy of this form can ensure that small towns, villages and rural communities remain strong and vibrant with job opportunities for families, and infrastructure and services that meet modern standards.

Western Premiers agreed to share information on the success of their efforts to improve the quality of rural life, and ensure that Westerners who live outside major cities enjoy the same economic and social benefits as those in large, urban centres.

Manitoba's Minister of Rural Development will convene an early meeting of appropriate western ministers to follow up on the Premiers' discussions. The ministers will be asked to report on their progress to the 1990 Western Premiers' Conference, which will be held in Manitoba.

Communique No. 6

Strengthening the Family

Western Premiers agreed on the importance of enhancing and supporting the family unit because of its fundamental position in the social and economic structure of our society. The Premiers noted that families and community-based volunteer organizations must once again have a central role in providing social and family support services.

During the past year, all four western provinces have introduced important new initiatives to assist families in managing emerging life pressures, in increasing parenting effectiveness, in accessing quality health care, in developing a healthy lifestyle, in combating the threats of substance abuse, and in addressing the problems of child and spousal abuse, and rural and urban poverty.

The success of such new initiatives depends on the continued attention by governments, volunteer organizations and the private sector.

Premiers also noted that the changing family structure increases the need for a more flexible daycare system. Premiers agreed that all governments must recognize that daycare programs should be designed to include a diversity of options, such as cooperative, private, non-profit, and workplace.

To that end, Western Premiers encourage a full and extensive public participation at the National Symposium on the Family, to be held in Regina, from July 11 to 14, 1989.

The Premiers also endorsed the Alberta initiative to designate an annual family day to focus on the essential importance of families to our social fabric, and recognized Alberta's $200 million endowment fund for the Alberta Family Life and Drug Abuse Foundation.

Communique No. 7

Education and Training

Western Premiers emphasized the need to prepare Western Canada for a changing international environment and economy through the preparation of a highly skilled and adaptive labour force.

The combination of growing competitiveness and the application of new technologies in resource sectors has led to a decrease in traditional job opportunities in those sectors.

Western Canadians need to be more innovative and efficient than their major competitors, and better equipped to take full advantage of newly-emerging manufacturing and high technology opportunities.

The western provinces will cooperatively pursue an aggressive educational and training approach, building on the strong, existing network of academic and technological institutes in the West.

British Columbia undertook to share the findings of its Task Force on Employment and Training with Western ministers responsible for training and labour market matters to jointly assist first-time job seekers and older workers facing job displacement resulting from technological change.

The Western Premiers, recognizing the need for coordination and integration of various federal and provincial training and employment initiatives, urged their Ministers responsible for employment and training to pursue with their federal counterpart:

- a cooperative federal-provincial approach to meeting labour market skills and adjustment needs, including an adequate, stable, federal financial support system;
- an effective provincial consultation mechanism in setting priorities for the use of newly-redirected federal unemployment insurance funds; and

- provide attention to the special needs of particular segments of the population, such as youth, women, native people, visible minorities, older workers, disabled persons and social assistance recipients.

Communique No. 8

Health Care

Premiers agreed that the effective delivery of health care, at affordable cost, requires much better coordination of all the components of the system.

In particular, the specialization of health care professionals, and the development of specific centres of excellence, coupled with a greater emphasis on preventative health care, are all critical components in the development of a health care service for the 21st century.

The Premiers directed their ministers of health to continue to investigate new opportunities for coordination, and report to the 1990 Western Premiers' Conference in Manitoba.

Western Premiers reviewed activities undertaken by ministers of health in follow-up to the *"Future Directions in Health Care"* paper, which was approved by all Canadian Premiers at their 1988 meeting, noting in particular the two symposia held in Victoria and Quebec City in 1989. They expressed strong support for cooperative efforts by government to provide more cost-effective health care services in Canada.

Premiers singled out innovative approaches, such as the $8 million Victoria Health Project, which focuses on the needs of the frail, elderly and chronically ill through a holistic approach concentrating on prevention and wellness.

Communique No. 9
Energy

Western Premiers acknowledged the importance of continued energy developments in their provinces. Both renewable and non-renewable energy resources are vital to provincial and national energy self-sufficiency. The availability of long-term, efficient supplies will allow Western Canada to be economically strong and competitive in meeting the challenges of the 1990s.

The West's energy resources will be an essential part of Canada's economy into the 21st century. The free trade agreement and global concerns over the environment provide new opportunities for exports. The West's abundant supply of clean burning natural gas will contribute to a cleaner environment. Additionally, the western provinces have vast renewable hydroelectric energy resources that are being developed to serve both domestic and export markets. The development potential is particularly attractive because of the competitive cost of production and pollution-free features of electricity.

The Premiers agreed to promote increased efficiencies in the generation and transmission of electricity within the West by initiating a joint study on cooperation among their respective electrical systems. The initiative will assess the benefits for power consumers in Western Canada from enhanced cooperation in the planning, development, and operations of the electrical systems. A task force composed of representatives from the electric utilities and the four western governments will undertake this initiative and report to Premiers on progress.

Western Premiers identified the following future challenges:

- Increasing the competitive cost of low-sulphur western coal in Ontario through technological advancement in mining, transportation, and burning quality. Under a cooperative approach, British Columbia, Alberta, Saskatchewan, Ontario and the Government of Canada have funded projects worth $12 million in partnership with industry since the Action Committee on Western Canadian Low-Sulphur Coal to Ontario was established in 1987;
- Increased use of compressed natural gas and ethanol as a transportation fuel;
- The development of hydrogen as a new source of clean-burning fuel, and for the upgrading of heavy oil and oil sands. The federal government is encouraged to cooperate with the Western Provinces and industry in establishing a hydrogen research centre in Western Canada; and
- The advancement of environmentally sensitive production and processing technologies for oil sands, heavy oils, coal, waste wood and uranium.

Communique No. 10
Federal-Provincial Relations

Western Premiers discussed a number of federal-provincial matters of critical importance.

Senate Reform

Western Premiers reaffirmed their support for the 1988 Parksville Accord, in which they unanimously endorsed the principles embodied in the Triple E Senate model.

Premiers acknowledged the work of Alberta's Task Force on Senate Reform in discussing and promoting a Triple E Senate with the federal government and every provincial government in Canada. The Task Force resulted from the agreement of all provinces at the 1988 Annual Premiers' Conference. Alberta will report on the activities of the Task Force at this year's Annual Premiers' Conference to be held in Quebec City, August 21 to 23.

The Premiers of British Columbia, Saskatchewan and Manitoba were briefed on Alberta's Bill 11, the **Senatorial Selection Act**, as an innovative approach towards achieving Senate reform.

Meech Lake Accord

The Premiers were briefed on Manitoba's Meech Lake Task Force hearings, and agreed that further discussions on constitutional reform will take place at the first ministers' level.

Telecommunications and Broadcasting

Western Premiers voiced their concern over stalled negotiations on a National Telecommunications Agreement. In April 1987, the federal and provincial ministers responsible for communications reached an agreement in principle on an administrative arrangement that resolved federal and provincial roles and responsibilities over telecommunications. Despite the agreement reached in 1987, however, the terms of the agreement have never been implemented. The Premiers requested British Columbia to take the lead in communicating with the Prime Minister to resolve the dispute over telecommunications and broadcasting roles, responsibilities and jurisdiction in Canada.

Appendix III

The Thirtieth Annual Premiers' Conference

Quebec City, Quebec
August 21 - 22, 1989

Communique
Goods and Services Tax

Federal Goods and Services Tax

Provincial Premiers agreed that the Federal Goods and Services Tax proposal is unacceptable. Premiers stressed the need for intergovernmental cooperation to address the issue.

Premiers emphasized their concern at the magnitude of the tax change. They also noted that the proposal, by moving into a traditional provincial tax field, has the potential to jeopardize the ability of the provinces to meet their constitutional responsibilities.

In addition, the Premiers were concerned about the potential adverse impact of the federal proposal on inflation, interest rates, employment, and regional development.

Premiers also emphasized the hardships that would result from the administrative complexity of the proposal, especially on small business, farmers and fishermen.

Premiers directed their Finance Ministers to investigate the impact of the Goods and Services Tax on their economies and to report to them in advance of the First Ministers' Conference in November 1989.

Communique
Environmental Issues

The Premiers opened the Thirtieth Annual Premiers' Conference with an extensive discussion on environmental issues. They reiterated their support for the concept of sustainable development and decided on specific actions in order to increase cooperation among their provinces in these areas.

Air Quality

The Premiers expressed concern for air quality in Canada. Specifically, they asked the federal government to move towards and maintain parity with California vehicle emission standards, especially for nitrogen oxides, in Canada. These are the toughest emission standards in North America. They also agreed to the adoption of gasoline standards to achieve lower smog levels (volatile organic compound reduction). These measures will significantly improve urban air quality and reduce acid rain and ground-level ozone throughout Canada.

Intergovernmental Cooperation

In cases where environmental issues involve shared federal-provincial responsibility, the Premiers called for cooperative approaches to the development of regulations and review procedures to ensure the effective protection of the environment. Management of the environment should avoid duplication, confusion and overlapping regulation and provide for greater predictability and stability in planning.

The Canadian Council of Environment Ministers is making progress in the joint development of national standards and policies. Recently, however, confusion has developed over responsibility for environmental matters.

The Premiers called on the federal government to respect provincial jurisdiction in environmental areas where the provinces

have the primary constitutional responsibility. The Premiers requested their Environment Ministers to prepare a progress report for the First Ministers' Conference in November, on how the above-mentioned objectives can be achieved.

The Premiers agreed that protocols should be developed by their Environment Ministers to ensure that every province will take full account of possible environmental effects on its neighbors which may result from economic development activities within its own borders.

These protocols can be extended to include interested American States, particularly those on or near the international boundary, and other states could be encouraged to join in.

The Premiers noted the significant progress which has already been made on environmental cooperation on a regional basis by groups of Governors and Premiers and emphasized that they will be coordinating these regional efforts more closely in the coming year.

Agreement on Environmental Emergencies

The Premiers directed their Environment Ministers to develop an agreement in order to achieve maximum utilization of resources and expertise to deal more effectively with environmental emergencies which may occur in the future.

Sustainable Development

In regard to sustainable development, the Premiers reaffirmed the commitment of their governments to proceed with the continued implementation of this approach in each of their provinces. To further cooperation, they accepted the invitation of the Premier of Manitoba to convene a meeting of the Round Tables on Environment and the Economy in Manitoba in 1990. This meeting will precede the National Conference on Sustainable Development to be held in Quebec in 1991.

They have also indicated their support for the establishment of an International Center on Sustainable Development in Winnipeg.

The Premiers agreed that the Environment and Sustainable Development be ongoing priorities for Annual Premiers' Conference and First Ministers' Conference on the Economy.

Environmental Youth Programs

Finally, the Premiers noted the interest of the public in contributing to an improved environment and the need for developing education and information programs to ensure broad understanding of environmental issues. They emphasized the particular importance of maintaining the commitment of the younger generation to environmental protection and sustainable development. In this regard, they recognized that several provinces had established environmentally-oriented youth employment programs and suggested that these provided opportunities for interprovincial youth exchanges.

Follow-up to the Saskatoon 1988 Conference:

Health

The Premiers noted the report submitted by the Premier of Quebec on behalf of the provincial Ministers of Health. They agreed that a reduction in the growth of health costs is urgently needed and that the federal government must end its cuts in transfers to the provinces in this sector. The Premiers also asked their Ministers of Health to continue their cooperative intergovernmental efforts and joint discussions for the purpose of developing alternatives based on disease prevention and the provision of less expensive health care services.

Families

Premiers reviewed a report tabled by the Premier of Saskatchewan on the Symposium about Families and agreed on the importance

of sustaining the cooperation and dialogue that was initiated at the Symposium held in July 1989 in Saskatchewan.

Premiers noted that the main theme which emerged from the Symposium was the need to provide the necessary life skills for people to face the challenges of a changing society.

In particular, Premiers emphasized the need to address the issues of illiteracy, education, job training, preventative health care, increased technological awareness, the problems of substance abuse, and the welfare of children.

Premiers directed their officials to continue the interprovincial consultation of family matters that occurred at the recent Symposium about Families held in Saskatchewan. The officials are to develop strategies for providing people with life skills and to report to the 1990 Annual Premiers' Conference.

Science and Technology

The Premiers received from the Premier of Nova Scotia the Report of the National Conference of Science and Technology Councils held in Halifax in June.

The Premiers reiterated that the tools required for success in the information economy are knowledge, new processes, new techniques and know-how, all of which are rapidly developing as a result of advances in science and technology.

Premiers endorsed the core recommendations of the June National Conference on Science and Technology, known as the "Halifax Declaration".

The message from Halifax was simple and direct. Canada is slipping in the technology race. The trend of all leading science indicators is in the wrong direction – slippage rather than progress despite a rather strong economy.

Premier Buchanan reported that the Halifax Declaration places Canada's priorities in science and technology in five key categories:

1. A public commitment to reach 2.5 per cent of national spending of our GNP on science and technology by the beginning of the 21st century;
2. Adoption of a national data gathering system to help transform the science culture of our society and a national awareness campaign involving Canada's Science Advisory Councils;
3. New and challenging reforms to enhance excellence in education at all levels and new initiatives in methods of institutional funding, market adjustment, and labour portability, as well as increased new efforts in literacy skills;
4. Increased effectiveness in industry, our traditional resources, and our manufacturing sector with regard to their capability in science required in today's global marketplace in order to succeed and win; and
5. Innovative ways to assist and encourage Canadian technology based companies.

In underlining the importance of science and technology, Premiers noted the growing international support for the KAON sub-atomic particle research facility, which would put Canada at the leading edge of such international basic research.

The Premiers commended the organization and the constructive participation of Canada's Science Advisory Councils at the first national forum in Halifax and unanimously agreed that a similar conference be convened in Edmonton in 1990, hosted by Premier Don Getty of Alberta.

Senate Reform

At their meeting in Quebec City, Premiers received a report from the Premier of Alberta on the important issue of Senate reform.

At last year's Annual Premiers' Conference in Saskatoon, Premiers agreed that Alberta would undertake bilateral consultations with other governments in Canada to ascertain

their views and perspectives on Senate reform and, in particular, the Triple E Senate. These consultations were to ensure that momentum on the important issue of Senate reform would be maintained. Over the last year, an Alberta Task Force met with representatives of the federal government and each of the provinces and territories.

In his report, Premier Getty noted that all governments recognized the need to reform the Canadian Senate and that there is a need for a greater balance, a better harmony, in Canada's national decision-making process.

Premiers agreed that the work of the Alberta Task Force has provided a useful starting point towards achieving Senate reform. At the same time, Premiers recognized that more work needs to be done and requested that Alberta continue its activities on this constitutional matter.

Communique

Telecommunications

The Premiers called on the federal government to undertake immediate consultations with the provinces on telecommunications issues arising out of the recent Supreme Court decision on jurisdiction over telephone and related services.

They agreed that Ottawa must not act precipitously by introducing legislation that would regulate telephone companies currently regulated by provincial authorities. Provincial responsibility for telecommunications is essential to protect consumers and to ensure telephone rates are sensitive to the needs of smaller and rural communities.

Communique
Economy and Trade

Interest Rates

Provincial Premiers reiterated their concerns that the Canadian economic situation does not warrant the high interest rate policy of the Bank of Canada. Indeed, the Bank did not react to lower U.S. interest rates in recent months, thereby pushing interest rate spreads (above 400 basis points) between the U.S. and Canada to record levels in the absence of a currency crisis.

Interprovincial Trade Barriers

The Premiers have re-affirmed the importance of the mandate given at the First Ministers' Conference to the Committee of Ministers on Internal Trade. They have agreed to investigate the possibility of implementing a dispute settlement mechanism on this matter. They have also agreed that they would take measures to further promote trade between the provinces. The Premiers also recognized the importance of the Western Provinces' Trade Barrier Reduction Agreement as a model for future action by all provinces.

Fisheries

Premiers at their Thirtieth Annual Conference in Quebec City discussed the emerging crisis in Canada's Fishing Industry.

The crisis will be particularly acute in specific areas throughout Atlantic Canada which are almost totally dependent upon the fishery. In Newfoundland for instance, the problems will be magnified by virtue of the relatively much larger role which the fishery plays in the economy of that province. No matter how the resource reductions are implemented the impact on Newfoundland will be immense, wiping out almost half of the resource base of its offshore fishery. This impact, which is being felt presently throughout the Atlantic economy, will occur as well in regions of other provinces which are highly dependent on the fishery. In Nova Scotia, quota reductions have and will cause lay-offs in the processing sector and the tying up of vessels. In New Brunswick, problems occurring in several species have continued to hit hard those areas dependent on the fisheries.

This crisis has been generated by a combination of resource management failures, uncontrolled foreign overfishing, and overcapacity in the industry. Premiers recognized that the federal government, through the creation of a senior Cabinet Committee under the chairmanship of the Rt. Hon. Joe Clark, is seized of the seriousness of this problem. Premiers commend the federal government for this action. Nevertheless Premiers are united in their call upon Ottawa to take the necessary measures to:

(i) address resource management deficiencies;

(ii) deal effectively with uncontrolled foreign overfishing; and

(iii) to mount a response program, emphasizing economic diversification to deal with the economic dislocations that will occur as the industry brings its capacity into an appropriate balance with the resource base.

On the Pacific coast, recent international events clearly underline the urgent need for a more effective Canadian and international regime for the conservation and management of this vital resource. Evidence is increasing of the disastrous environmental and economic consequences of the international driftnet fishery in the Pacific, which not only takes salmon otherwise destined for B.C., but also destroys huge numbers of birds and marine mammals.

Further recent trade disputes have the potential of threatening essential provincial conservation and resource management objectives.

Transportation

In addressing transportation issues, the Premiers agreed on the need for an adequate national highway system.

The Premiers noted that the national highway system cannot continue to handle the additional traffic demands being placed on it. In addition to the extra traffic associated with economic growth, cutbacks in rail service, including line abandonments and major reductions in VIA operations, are placing an increasing burden on the highway system. The importance of the highway system to the national economy makes it imperative for the federal government to assume a greater role and responsibility in funding highways of national importance.

Undertaking the required upgrading of the national highway system will result in productivity increases for all users by reducing travelling time and reducing accidents.

Two major phases of the National Highway Policy Study are now virtually complete.

Federal and provincial governments now have all the necessary information with respect to:

- the identification of the national highway system
- current deficiencies
- future needs
- costs and benefits of upgrading the system.

The Premiers therefore agreed to urge the Government of Canada to enter into a firm commitment, in consultation with the Provinces, on a funding mechanism for the timely upgrading of the national highway system.

The Federal Government has recently announced a 61-per-cent cut in its subsidy to VIA Rail over a five-year period. Any reduction in VIA Rail service causes serious dislocations, not only because of the loss of service to the travelling public, but also due to the significant employment implications and the potential impact on the highway system.

Premiers expressed their serious concern and asked the Federal Government to adopt a moratorium on any decision affecting the future of rail passenger service in Canada.

Agriculture

The Premiers made a strong commitment for closer cooperation in preparing the agriculture industry for the 1990s and beyond. Saskatchewan announced they will hold a national conference on the future of Agriculture in early 1990.

Communique

Regional Development

Premiers discussed regional disparities, and agreed that current federal regional development policies have not brought about the desired narrowing of regional disparities in Canada or the elimination of historical inequities. Premiers also agreed that regional development resources and efforts must be focused in areas where the problems are most severe. They noted that regional development efforts should be directed to the objective of improving employment and income through sustainable economic activity based on realistic opportunities. Premiers called for greater efforts to be made to take regional needs and impacts into account in applying national policies and programs. This is consistent with the conclusions of a Report to the 1987 First Ministers' Conference.

Premiers called upon the Federal Government to commence discussions and evaluate the federal programs aimed at job creation, regional development and combatting regional disparity, to determine their effectiveness in meeting regional development objectives. The Premiers agreed that there is a need to make a commitment to the principle of providing help where it is needed most, and to a level that is commensurate with the level of need. The level of support should be based upon the differential unemployment rate and other relevant measures of disparity.

At the same time Premiers emphasized a need for both orders of Government to adopt policies, including tax incentives, to encourage greater levels of investment by the public in business opportunities in their local areas, employee share ownership, and other vehicles to attract a greater level of investment by residents where the investment is needed.

Premiers concluded that new approaches to address regional disparities in Canada should be considered to ensure the best use of scarce public fiscal resources. The Premiers called for a meaningful renewed federal commitment to cooperation.

The Premiers referred the matter for discussion to the First Ministers' Conference scheduled for November.

Appendix IV

Annual Conference of First Ministers

Ottawa, Ontario
November 9-10, 1989

Communique No. 1

First Ministers Release Report on Integration of Work and Family Responsibilities

Issue:

Today, First Ministers released a report, prepared by the federal, provincial and territorial Ministers responsible for the Status of Women, entitled Integration of Work and Family Responsibilities.

Background:

In 1985, First Ministers expressed their commitment to achieving economic equality for Canadian women and asked Ministers responsible for the Status of Women to take steps toward that goal. They endorsed the initiatives to achieve equality for women in the work force outlined in the report A Framework for Economic Equality for Canadian Women, submitted by the Ministers responsible for the Status of Women.

At their meeting in 1987, First Ministers agreed that achieving full economic equality would require a new look at the changing realities of Canadian life resulting from demographic and social change. They noted the challenge faced increasingly by Canadians of balancing successfully their responsibilities to family and their commitments to the work place.

First Ministers asked the federal, provincial, territorial Ministers responsible for the Status of Women to develop strategies to address the changing relationship between work and family life. The report released today outlines the strategies of all governments. It summarizes the family-supportive benefits, practices and policies in each jurisdiction. First Ministers noted that this is the first step in a long term commitment to harmonize work and family responsibilities and to achieve economic equality for women.

Communique No. 2

First Ministers Reaffirm their Commitment to Economic Equality for Women

Issue:

First Ministers reaffirmed their commitment to economic equality for women today when they released two reports, received from the federal, provincial and territorial Ministers responsible for the Status of Women, outlining and assessing progress that has been made by all governments to improve educational and training opportunities for women.

Background:

Recent years have brought dramatic changes in Canada's labour force, a trend that will accelerate as we approach the 1990s. One of the greatest challenges has been the increased participation of women in the workplace: 56 per cent of Canadian women are in the labour force today, compared with 44 per cent in 1975. Not only are women making their presence felt in a wider range of occupations, Canada will need the talent women bring to the labour market in order to remain internationally competitive into the '90s.

First Ministers began to address the challenges associated with the changes in Canada's work force in 1985, by endorsing A Framework For Economic Equality for Canadian Women, which laid the groundwork for federal-provincial-territorial cooperation to improve economic opportunities for Canadian women.

In 1986, Status of Women Ministers submitted a report to First Ministers entitled Towards a Labour Force Strategy: A Framework for Training for Women, and in 1987, they presented their first report on their progress implementing their collective strategies. Today First Ministers released a second report on the progress of governments through 1988, together with an assessment of the impact of the Framework for Training in improving the educational and training opportunities for Canadian women.

First Ministers noted that significant progress has been made in many areas particularly to encourage greater participation by girls and women in the fields of math, science and technology, but that full economic equality for women will require the continuing commitment of all governments to improve the educational, training and economic opportunities for all women across Canada.

Research and Development

First Ministers discussed the issue of increasing research and development activity across the country.

First Ministers noted the establishment by federal and provincial Science and Technology Ministers of a task force to examine the issues raised by the Halifax Declaration (issued at the June National Forum on Science and Technology). They also asked the task force to study a range of output oriented indicators related to national R&D performance.

Environment and Sustainable Development

First Ministers discussed several matters related to the Environment and Sustainable Development. They identified both the need and opportunity to cooperate, to enhance environmental protection and restoration.

First Ministers endorsed the spirit and direction of the Statement of Principles on Interjurisdictional Cooperation to Protect the Environment which had been prepared by the Canadian Council of Ministers of Environment and agreed that work on a modified and extended version should proceed expeditiously.

These principles are intended to guide all jurisdictions on transboundary environmental issues, whether occurring between provinces, orders of government, or neighboring states.

The Statement includes a plan of action which Environment Ministers will be pursuing in the coming months. First Ministers directed their Environment Ministers to complete this work by the Spring of 1990.

The First Ministers also agreed to undertake the following actions:

1) They endorsed the decisions taken at the recent meeting of the Canadian Council of Ministers of the Environment with regard to vehicle emissions. In this regard the federal government will require new California emissions standards to apply to vehicles in the 1994 model year.
2) They noted the growing challenge of managing solid waste in Canada, and supported the commitment of environment ministers to reduce solid waste from landfill and incineration. An important element in achieving this is the recognition of the need for a more environmentally sensitive approach to packaging. To this end, they urged environment ministers to develop for early implementation a program to reduce packaging and to ensure that packages can be recycled, or are made from recyclable materials.
3) In discussing sustainable development First Ministers noted that the problems facing the fisheries as a consequence of foreign overfishing, including driftnet fishing, represent a specific example of the necessity of applying the principles of sustainable development.

First Ministers strongly supported Canadian efforts to convince foreign governments of the serious environmental consequences of overfishing practices.

The Conference endorsed the Prime Minister's strong and continuing commitment to resolving this problem. The recent appointment of Mr. Alan Beesley as Canada's Ambassador for Marine Conservation was noted with approval, as was the proclamation issued last week by British Columbia and six American states with respect to driftnet fishing.

Human Resource Development

First Ministers took note of the Prime Minister's proposal which, in a manner consistent with jurisdictional responsibilities, would:

- assess Canada's human resource development needs;
- report on the human resource requirements of a 21st century, knowledge-based economy;
- identify the results of the current systems, from pre-school to university and skills, technical and vocational training;
- develop recommendations that will address the changes required; and
- examine ways of allocating resources more effectively with a focus on results.

First Ministers agreed to refer this issue to the Council of Ministers of Education and a representative of the Prime Minister to work together to identify an appropriate mechanism, develop terms of reference and an implementation plan. The results of their work would be reported to First Ministers as soon as possible.

Appendix V

Annual Conference of First Ministers

Opening Statement by Premier Don Getty
Ottawa, November 9-10, 1989

I am pleased to have this opportunity to contribute to a greater understanding of important national issues that shape our future. Since our last annual conference in November 1987 in Toronto, there have been a number of historic developments, and I want to acknowledge two of them.

The Canada-U.S. Free Trade Agreement, strongly supported by Alberta, has been signed and implemented, and I want to applaud your initiative and determination, Mr. Prime Minister. It was a superb example of intergovernmental cooperation — we as First Ministers worked well together in negotiating and implementing the Free Trade Agreement. The security of access to the U.S. market is a major factor for future economic growth in Alberta and Canada. We must continue to work together to ensure that free trade succeeds.

That model of full provincial participation in free trade matters, that we unanimously agreed to in 1985, and that the Premiers again endorsed in August, must also be applied to our multilateral trade negotiations. The negotiations will be entering into their final critical year. Just as the Free Trade Agreement was vital to our economic future, so too will successful multilateral trade negotiations allow Canada's trade to expand worldwide.

Another historic event of which Albertans are very proud was the October 16, 1989, election when the people of Alberta democratically chose the person they want to fill the Alberta vacancy in the Senate.

Albertans walked a path that had no footprints. A path that no Canadians had ever walked before. I believe a momentum has been started that will not be stopped.

This meeting enables us to exchange information and views on economic performance and to take a partnership approach to Canadian economic decision-making.

While the overall Canadian economy experienced strong growth in the 1980s, the Alberta economy only recently rebounded from a sharp downturn. Thanks to the resourcefulness and resilience of Albertans, now the Alberta economy is one of the growt leaders. Last year, Alberta's economy grew by 8.7 per cent, the highest in the country. 40,000 new jobs were created. Solid growth has continued this year, led by private sector investment. More Albertans are employed now than at any other time in the history of our province. Alberta's unemployment rate is down to seven per cent, the second lowest in Canada.

Business investment in non-energy sectors is growing at a rapid pace, and housing construction starts are up over 30 per cent from 1988 levels. Retail sales in Alberta are the highest per capita of any province.

As we move into the 1990s, we see strong investment and increasing exports. Demand for natural gas in North America is increasing as economies expand and as people become more aware of the environmental superiority of this clean-burning fuel.

Our government's commitment to agricultur as a number one priority has seen a new confidence and stability in this key sector. W congratulate the Honourable Don Mazankowski in launching a review of agriculture policy. In building a more secure agricultural community, we strongly support national policies aimed at self-reliance, market responsiveness, recognition of regiona diversity, and sustainability.

When we last met in November, I talked about Alberta's commitment to diversification of our economy. We have mad significant progress since then — economic

growth has come from new petrochemical developments, forestry, tourism, manufacturing, and food processing activities.

As we build our future in Alberta, putting together key elements — research, science, technology, and our education system — will be the key to how Alberta and Canada compete in the future.

I'm pleased the recent Premiers' Conference agreed that the next national forum on science and technology will be held in Edmonton in the spring of 1990.

I wish to compliment you Prime Minister, the Honourable Don Mazankowski and Alberta Members of Parliament for their support for the $1.3 billion Lloydminster Upgrader, the $4 billion OSLO Oil Sands Project, and major initiatives in science and technology. Our economy also has been helped by the major commitment to agriculture on a cooperative basis by our governments.

Major projects underway in Alberta will have key spinoff effects for investment and increased job opportunities. They also give people a chance to remain in and build their own communities, near their families and friends.

There are exciting developments affecting Alberta's native people in northern Alberta, which I would like to highlight. The Alberta and federal governments signed a treaty entitlement agreement with the Fort Chipewyan Cree Indian Band. As well, Alberta has reached agreement with the Sturgeon Lake and Whitefish Lake Indian Bands, and we have negotiated our part of an agreement with the Lubicon Indian Band.

And for the first time in the history of Canada, Alberta's Metis people finally have a land base they can call their own — and self-government. The Metis people in Alberta have a chance for dignity, pride, ownership of land — an opportunity to build homes and farms and businesses and become full partners in Alberta's future.

In pursuing a more diversified economy, we are strongly committed to careful development which is compatible with our environment. This concept recognizes the economic needs of today while maintaining our resources for future generations. Projects will only be approved if they are environmentally acceptable.

It is important to emphasize that we have achieved economic growth without major increases in Alberta government program expenditures. The private sector has been the engine of growth. We do not have the luxury that previous Alberta governments had to use large expenditure increases to enhance our growth. The annual average increase in program spending over the past four years has been only 1.3 per cent — the best expenditure management record in Canada!

Our economic growth and diversification initiatives are impressive. However, there are storm clouds on the horizon. Our progress could be stalled by several factors: persistently high interest rates, the proposed federal goods and services tax; the possible failure of multilateral trade negotiations in agriculture; and if governments fail to cooperate on environmental management.

The Bank of Canada and the federal government are locked in an impossible policy conflict. All Canadians are the losers. The bank's high interest rate policy increases debt servicing costs and the federal deficit. High federal expenditures and rising consumption taxes feed directly into inflation and higher interest rates. This policy deadlock must be broken. Interest rates must be reduced: fiscal policy must be tightened.

To initiate the process, we believe that short-term interest rates must be reduced by at least 1.5 per cent over the coming months. This will have the immediate effect of stimulating investment by Canadian business in Canadian projects. It will reduce the large gap between Canadian and U.S. interest rates. Rates in Canada are now over four per cent above U.S.

rates, well above the long-term historical average of about 1.2 per cent. Reducing interest rates would also bring down our overvalued dollar, helping Canadians to compete effectively in world markets.

Mr. Prime Minister, the people of my province will not accept the federal government's proposed goods and services tax. Alberta is absolutely opposed to this tax.

At Alberta's initiative, the Premiers, in our recent annual meeting in Quebec, described the tax as "unacceptable". They asked their finance ministers and treasurers for a report on the economic impact. The all-province paper received last week confirms the devastating economic impact of this tax. It will cause higher inflation, higher interest rates, reduced investment, and job losses right across the country. Alberta will be among the hardest hit.

Clearly, the provincial and national economies face a period of weak and uncertain economic performance if this tax is imposed. Our assessment is shared by independent economic forecasters.

Provinces face the prospect of a substantial loss of revenues, pressures to increase spending, and higher deficits. The federal-provincial fiscal balance will be shifted dramatically toward greater centralization. Alberta will not silently accept these federal tax changes that do serious harm to the Canadian economy and the very fabric of Confederation.

To reiterate . . . this tax will damage our economy, leaving us with fewer jobs and reduced economic growth. It will mean higher provincial deficits. This tax will be a nightmare for individuals and businesses, creating unbelievable new paperwork. As well, thousands of new federal public servants will have to be hired, adding hundreds of millions of dollars to the cost of collecting federal taxes. Canadians simply cannot afford this tax.

Albertans don't have a retail sales tax; they don't want one.

Mr. Prime Minister, there are other key issues which require our attention as well.

A priority is protection and enhancement of the environment. Alberta has been a leader in environmental management. We were the first to establish a "Department of the Environment": Alberta has the only hazardous waste treatment facility in Canada. We have strong, tough environmental laws.

Alberta will continue to demonstrate leadership in meeting our environmental responsibilities. The following initiatives are part of our action plan:

- Alberta will put in place a round table on the environment;
- Albertans will have enhanced opportunities to participate in decisions affecting their environment;
- New legislation will be introduced to further strengthen and protect the environment;
- A comprehensive recycling program will be introduced as a result of an extensive public hearing process started in 1986;
- And, the government will further promote research and technology and the establishment of environmental industries.

Protection of the environment is a shared responsibility. Events in Alberta and other provinces over the past year have clearly demonstrated the need to clarify roles and responsibilities for environmental protection. Court decisions and unilateral actions by the federal government have created a climate of uncertainty and confusion that must be addressed.

Let's be clear — Alberta has always fulfilled its environmental responsibilities. This is not new. And until recently, the federal government recognized our jurisdiction, our capability and our commitment.

In August, the Premiers emphasized that we must have effective environmental protection that respects constitutional responsibility. First Ministers now have before them a "Statement on Interjurisdictional Cooperation for the Protection of the Environment". The approval of these principles will demonstrate to Canadians a commitment to work together on environmental protection and sustainable development.

I am pleased, Mr. Prime Minister, that at recent Premiers' and First Ministers' Conferences, we are now focusing on the family. In Alberta we believe that the family is the bedrock of our society. The Alberta government recognizes the significance of initiatives which help families cope with their work and home responsibilities. Such initiatives are of critical importance to parents: those who choose to work in the home; those who choose to work outside the home; and those who must work outside the home to support their families.

Today we have heard common visions for Canada's future. Albertans share those visions too. A major part of Alberta's vision involves meaningful changes to Parliament and our federal system. Our federal institutions and practices must reflect equally the needs and aspirations of all partners in Confederation.

Albertans must feel that their views will command the same respect and weight in the shaping of national policies as that given to more populated areas of the country.

The Government of Alberta has long been committed to achieving reform of the Canadian Senate. A fundamental flaw in our current federal system is that the House of Commons, with majority representation from central Canada, is not balanced by effective and equal provincial representation in the Senate. Moreover, Alberta is convinced that in our democratic system of government, it is the people who should decide who will represent them in the two houses of Parliament.

The provision in the Meech Lake Accord which commits all governments to undertake Senate reform is vitally important for Alberta. Alberta recently took a significant step toward achieving Senate Reform. On October 16, Albertans went to the polls to choose who should represent them in the Senate. This marked the first time in Canadian history that the people had the opportunity to choose a Senator. They have made their choice.

In my letter to you of October 19, Mr. Prime Minister, I urged you to appoint Mr. Stanley Waters without delay. To ignore this decision, Mr. Prime Minister, would be a rejection of Albertans.

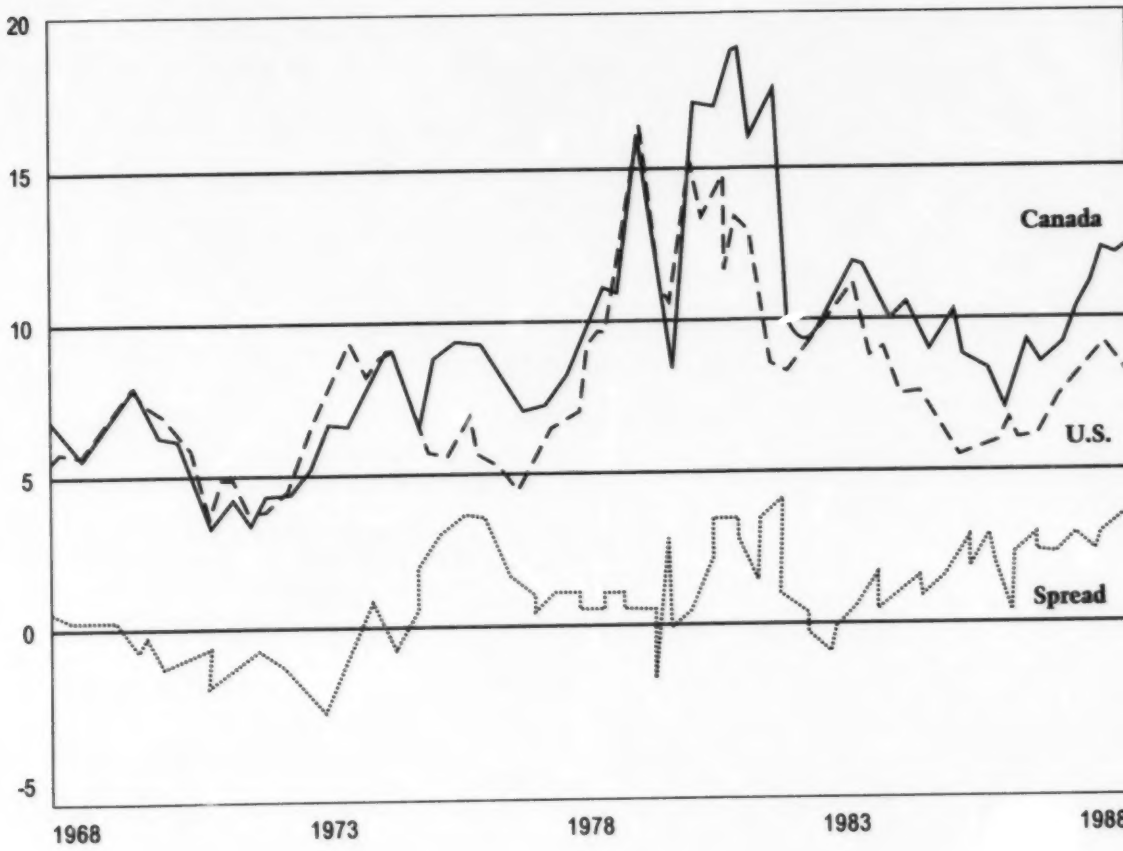
Alberta will continue its intense efforts to achieve a Triple E Senate. Senate reform is needed to strengthen this country. It must not be stalled.

Mr. Prime Minister, Premiers — we share leadership responsibilities — at a rapidly changing and challenging time in Canada's history.

How we fulfill those responsibilities and meet these challenges is crucial to our nation's future. Can we provide the courage, the determination and the foresight that Canadians expect of us as leaders? How we deal with environment, taxation, fiscal responsibilities, international competitiveness, families, economic equality for women, reforming our national institutions — in a phrase, how we build our nation will be our legacy to future generations.

Albertans will participate completely, emotionally and courageously; we welcome challenges. We are determined to succeed.

Canadian and US Short-Term Interest Rates



Appendix VI

Ministerial News Releases

April 5, 1989

Minister Addresses Americas Society

New York – The Honourable Jim Horsman, Minister of Alberta Federal and Intergovernmental Affairs, today addressed the Americas Society/Canadian Affairs in New York.

Entitled "The Winds of Change in Canada's West", the minister's speech addressed the major social and political events in Canada over the past year, including the Canada-U.S. Free Trade Agreement; the recent federal election; the growing Senate reform movement and Alberta's plan to elect a Senate nominee; the federal government's interest rate and sales tax policies; and the very recent provincial election in Alberta.

In commenting on Western Canada's desire to achieve constitutional equality through Senate reform, Mr. Horsman said, "... The principle of equality of all the provinces as recognized in the Meech Lake Accord are not just empty words ... because our government for one, will not let them be! ... I am confident that by the end of the century, our federal institutions and practices will finally reflect equally, the needs and the aspirations of all the partners of Confederation. For this is the vision our government has long held for the future of Canada, and we will continue to boldly pursue it."

Mr. Horsman's visit to the United States also included meetings in Washington, D.C. on April 4. His day in the nation's capital was highlighted by a meeting with Montana Senator Max Baucus, Chairman of the Trade Sub-Committee of the Senate Finance Committee, where they discussed the free trade agreement; the current GATT round of multilateral trade negotiations; and common Alberta/Montana concerns. Montana is Alberta's only border state.

Mr. Horsman returned to Edmonton on April 5.

June 12, 1989

Albertans Airlifted From China

Hong Kong – Twenty-eight Albertans arrived in Hong Kong on June 12, after leaving China on a chartered aircraft arranged by the Government of Alberta Office in Hong Kong. The group included 22 students and two instructors of the East Asian Studies Department of the University of Alberta, two medical doctors from Calgary on a medical exchange visit, and two representatives from the I.S. Trading Company offices in Harbin and Dalian.

The group was first transported from Harbin in northeast China to the Chinese coastal city of Dalian on June 11 on a charter aircraft arranged with the assistance of the Government of Heilongjiang (Alberta's sister province), and the I.S. Trading office in Harbin. They were met in Dalian by representatives of the I.S. Trading office.

The charter aircraft from Dalian to Hong Kong was arranged by the Government of Alberta Office in Hong Kong, and also included some 60 others who were trying to leave China. These included 16 students from Simon Fraser University, 30 Americans, three Britons, four Germans, one Finn, one Swede, one Japanese, and one Hong Kong resident.

The Alberta government decided to airlift Albertans in Harbin following the advisory by the Canadian Department of External Affairs. There were no commercial aircraft available to transport Albertans to Shanghai or Beijing (from where Canadian Airlines International Ltd. charter flights were airlifting Canadians), and since the Canadian government was unable to obtain landing rights in Harbin, the Alberta government decided to arrange charter aircraft first from Harbin to Dalian, and then from Dalian to Hong Kong.

The effort to assist Albertans leaving from Harbin was successful due to the hard work and close collaboration of the Alberta Office in Hong Kong, the I.S. Trading Company of

Alberta and its representatives in Harbin and Dalian, officials of the Government of the Province of Heilongjiang, and was coordinated by the Alberta Department of Federal and Intergovernmental Affairs.

Three Albertans working on the Canada-China Dinosaur Project in the Gobi Desert are now in Beijing and will leave China on a special CAIL charter flight today, which was arranged by the Canadian Embassy.

June 28, 1989

Western Ministers Working Group on the MTN

Camrose, Alberta – The Honourable John Jansen, British Columbia Minister of International Business and Immigration, and the Honourable James D. Horsman, Alberta Deputy Premier and Minister of Federal and Intergovernmental Affairs, today released, on behalf of western ministers, the report of the Western Provinces Ministerial Working Group on the Multilateral Trade Negotiations. The report was endorsed by Western Premiers at their conference in Camrose, Alberta, on June 27 and 28, 1989.

The report summarizes four western provincial position papers which were transmitted to the federal government in 1988 to contribute to the development of Canada's GATT negotiation positions. These papers covered Natural Resources Based Products, functioning of the GATT System and Dispute Settlement Procedures, methods of defining the Aggregate Measures of Support for Agricultural Products, and principles for Implementation of Short Term Measures resulting from agricultural negotiations. Ministers will be completing western papers on Trade in Services, Trade Remedy Law and Consumer Benefits of Trade Liberalization.

During the year, Ministers also considered a variety of issues related to the Canada-United States Free Trade Agreement and emphasized the need for full provincial participation in the management and implementation of the Free Trade Agreement.

Given the broad range of activities associated with trade negotiations, Western Premiers extended the mandate of the Ministerial Working Group to cover the Multilateral Trade Negotiations, the Free Trade Agreement, trade disputes in general, and associated policy issues.

June 30, 1989

Alberta/Montana "Days of Peace and Friendship" July 2-3

Edmonton – The Honourable Jim Horsman, Deputy Premier and Minister of Federal and Intergovernmental Affairs, today sent Montana Governor Stan Stephens a motion passed by the Alberta Legislature establishin July 2 and 3 as "Days of Peace and Friendshi between Alberta and Montana and congratulating Montana on its Centennial.

"The Alberta Legislature unanimously passe the motion," said Horsman. "Alberta has a very warm relationship with its only border state—one which we greatly value. The Government of Canada passed a similar resolution declaring July 2 and 3 as Canada/ United States Days of Peace and Friendship. honour of Montana's Centennial this year, Alberta wanted to officially recognize the importance of its relationship with the State of Montana."

October 13, 1989

Deputy Premier Leads Mission to U.S.S.R.

Edmonton – The signing of a Memorandum Understanding between the Government of Alberta and the Government of Russian Soviet Federated Socialistic Republic (RSFSR — the largest Soviet Republic — will be the highlight of a mission to the Soviet Union le by the Honourable James D. Horsman, Depu Premier, from October 13 to 21.

Largely due to our similarities in climate, geography and natural resource base, Alberta and the RSFSR have had long-standing commercial ties. In fact, Alberta has been the most active of all the provinces in promoting trade and exchanges with the Soviet Union. These exchanges have included a number of visits and missions, most notably by President Gorbachev in 1985 as Secretary of Agriculture, and Mr. Vitaliy Vorotnikov, Chairman of the Presidium of the Supreme Soviet of the RSFSR. This Memorandum of Understanding will formalize these existing ties, and lead to exchanges in the areas of commerce, sports, culture, science and technology, and education.

During the mission, Mr. Horsman will address students and faculty at Moscow State University on the topic of Canadian Federalism. This topic is of particular importance to the Soviets, who are currently drafting a new constitution. The Alberta delegation will also visit the Ukrainian Soviet Socialist Republic and meet officials to discuss increased cooperation between Alberta and the Ukrainian SSR. This visit will build upon the momentum developed by the highly successful Ukrainian Trade and Cultural Show, which was held in Edmonton this past July.

"Alberta has had ties with the Soviet Union for over fifteen years", said Mr. Horsman, commenting on the mission. "With the incredible reforms taking place in that country under perestroika, we are well positioned to expand these ties and the Alberta presence in the Soviet Union."

Appendix VII

Alberta's International Agreements

Agriculture

- Memorandum of Understanding between the Ministry of Agriculture of Alberta and the Ministry of Agriculture of the State of Zacatecas and Cattlemen's Union of Zacatecas in matters of livestock cooperation.
  Signed: October 19, 1989
  Status: Ongoing three years

- Memorandum of Understanding between the Ministry of Agriculture of Alberta and the Government of the State of Durango, Mexico.
  Signed: October 17, 1989
  Status: Ongoing three years

Alberta Research Council

- Letter of Agreement between the Alberta Research Council and the International Development Research Centre.
  Signed: February 22, 1990
  Status: Until June 30, 1991

- Agreement on exchange and cooperation in science and technology between the Alberta Research Council and the Dalian Institute of Chemical Physics, Dalian, People's Republic of China.
  Signed: May 21, 1989
  Status: Ongoing

- Agreement on exchange and cooperation in science and technology between the Alberta Research Council and the Institute of Coal Chemicals, Shanxi Province, People's Republic of China.
  Signed: May 15, 1989
  Status: Ongoing

- Agreement on exchange and cooperation in science and technology between the Alberta Research Council and the Taiyuan University of Technology, Shanxi Province, People's Republic of China.
  Signed: May 13, 1989
  Status: Ongoing

- Agreement on exchange and cooperation in science and technology between the Alberta Research Council and the Science and Technology Commission of Shanxi Province, People's Republic of China.
  Signed: May 13, 1989
  Status: Ongoing

- Contract between the Government of the Republic of Indonesia and the Alberta Research Council for consulting services for feasibility study on refining of asbuton.
  Signed: May 1989
  Status: Ongoing

- Protocol of Talks on Cooperation between Alberta Research Council and Institute of Biophysics of the U.S.S.R Academy of Sciences (Siberian Branch) in the area of biological life-support system development.
  Signed: April 4, 1989
  Status: Ongoing

Alberta Oil Sands Technology and Research Authority (AOSTRA)

- Memorandum on Scientific-Technical Cooperation between AOSTRA and Ministry of Energy, Government of Trinidad and Tobago.
  Signed: November 1989
  Status: Ongoing

- Agreement for cooperation in the recovery and use of petroleum between AOSTRA and the Government of Norway.
  Signed: October 6, 1989
  Status: Ongoing

- Memorandum on Scientific-Technical Cooperation between AOSTRA and the Gas and Oil Industrial Enterprises-Bratislava (NPP - Bratislava and Czech Gas Enterprises), Prague, Czechoslovakia.
  Signed: June 19, 1989
  Status: Expires three years from date of signing, but will be automatically extended another three years unless a party gives written notice otherwise.

- Memorandum on Scientific-Technical Cooperation between AOSTRA and Nafta-Gas, Novi Sad, Yugoslavia.
  Signed: June 6, 1989
  Status: Period of 10 years

Energy

- International Energy Agency (IEA) Program of Research on Fossil Fuel Multiphase Flow Sciences.
  Signed: March 1989
  Status: Ongoing

Environment

- Agreement between Minister of the Environment and CAB International Institute of Biological Control, Switzerland ("Contractor").
  Signed: July 26, 1989
  Status: Expired March 31, 1990

- Alberta Environmental Centre/United States Environment Protection Agency Solid/Stabilized Waste Agreement.
  Signed: March 8, 1989
  Status: Ongoing

Federal and Intergovernmental Affairs (FIGA)

- Memorandum of Understanding on Cooperation between the Government of the Province of Alberta and the Government of the Russian Soviet Federated Socialist Republic (RSFSR), U.S.S.R.
  Signed: October 20, 1989
  Status: Ongoing

Recreation and Parks

- Sport Exchange Agreement between the Province of Alberta and the Russian Soviet Federated Socialist Republic (RSFSR).
  Signed: March 27, 1990
  Status: Agreement shall be reviewed regularly

- Agreement on sports cooperation between the Province of Alberta and the Province of Kangwon, Republic of Korea.
  Signed: June 26, 1989
  October 1988
  October 10, 1985
  Status: Ongoing

- Sports Exchange Agreement between the province of Alberta and the Province of Heilongjiang, People's Republic of China.
  Signed: March 14, 1989
  February 15, 1988
  July 31, 1986
  October 2, 1983
  Status: Agreement shall be reviewed regularly

- Sports Exchange Agreement between Alberta Recreation and Parks and the Hokkaido Athletics Association, Hokkaido, Japan.
  Signed: September 1, 1989
  Status: Ongoing

Solicitor General

- Software Agreement between the Solicitor General and the State of Vermont, United States.
  Signed: July 1, 1989
  Status: Ongoing

Appendix VIII

Interprovincial and Alberta-Canada Agreements Reviewed or Signed

Apr 21/89	ERDA Subsidiary Agreement on Industrial Diversification.
Apr 21/89	ERDA Subsidiary Agreement on Industrial Diversification.
May 9/89	National Tripartite Stabilization Agreement for Honey.
Aug 17/89	Amending Agreement No. 2 – National Tripartite Price Stabilization Program for Sugar Beets.
Oct 2/89	Amending Agreement No. 1 – National Tripartite Price Stabilization Plan for Honey.
Oct 27/89	Canada/Alberta Course of Action for Economic and Regional Development.
Nov 14/89	Alberta Chicken Producers Marketing Board Agreement to Join the National Agency.
March 1/90	Canada-Alberta Subsidiary Agreement on Agricultural Processing and Marketing: Amendment Number One.
March 12/90	Canada-Alberta 1989-90 Crop Insurance Agreement.
Dec 19/89	OSLO Cold and Hot Water Extraction Agreements.
April 6/89	Lloydminster Upgrader Transportation Agreement.
April 5/89	MOU: Planning for Petroleum Emergencies.
March 16/89	Letter of Understanding on Energy Efficiency and Diversity Initiatives.
May 30/89	Canada/Alberta Agreement on Soil, Water and Crop Research and Technology Transfer, Basic Research Initiative.
March 23/90	Canada/Alberta North American Waterfowl Implementation Agreement.
Jan 8/90	1989 OSLO Borehole Mining Agreement.
March 1/90	1989 Waterfowl Crop Damage Compensation Agreement.
March 20/90	Statement of Interjurisdictional Cooperation on Environmental Matters.
Oct 11/89	Agreement between Alberta and Saskatchewan Economic Development Corporation (SEDCO) concerning guarantees to Universal Industries Ltd.